FINANCIAL TIMES

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Germany in 1945: promise amid devastation, Page 9

World news

France to pay over Rainbow Warrior

France has agreed to pay damages to the environmentalist group Greenpeace for the sinking of its protest ship Rainbow Warrior last July.

The Government, acknowledging responsibility for the mining of the ship in Auckland harbour and the death of a Greenpeace crewman, said that if no settlement was reached within 90 days either party could submit the dispute to international adjudication.

Arafat pressed

Egypt is pressing Palestine Liberation Organisation leader Yassir Arafat to accept Israel's right to exist as laid down in UN resolution 242. Page 3

Basques kill general

Suspected Basque guerrillas shot dead a retired Civil Guard general in Pamplona, in the wake of widespread protests over the death of a Basque detainee. Page 2

Drug ring 'broken'

West German police said they had broken a Spanish drug-smuggling ring which shipped heroin from Thailand to Spain through West Germany. Twenty Spaniards had been arrested in Bangkok, Frankfurt and Madrid and 7.5 kg of high-quality heroin seized.

Swiss 'against UN'

A Swiss newspaper poll, in advance of the March national referendum on joining the United Nations, said 51.4 per cent were against and 43.9 per cent in favour.

Algerians on trial

Some 40 Algerians on trial before a state security court at Medea, south of Algiers, have been accused of planning a guerrilla insurrection in an area where the independence war against France began 31 years ago.

Pope plot trial

Italian prosecutors in the case of three Bulgarians accused of involvement in a plot to assassinate Pope John Paul may reportedly call for their acquittal unless convincing new evidence emerges.

Tamil leader attacked

Sri Lankan Tamil separatist leader A. S. Balasingam escaped unhurt when a bomb exploded at his home in Madras, southern India.

Bomb kills Hindu

Indian police moved in reinforcements as tension mounted after a bomb killed a Hindu farm worker in a crowded Punjab marketplace.

Peking protest

Several hundred Chinese students demonstrated in Peking in what was thought to be the country's first public protest against nuclear tests. Page 3

Swedish offer

Sweden offered to set up an international computer centre for monitoring nuclear blasts as a step towards an atomic test ban treaty.

French right lead

France's right-wing opposition holds a lead of 20 points over the ruling Socialists, according to a poll published in Le Figaro newspaper.

Lisbon offices blast

A bomb exploded at the offices of the Spanish airline Iberia in central Lisbon, causing serious damage. There were no casualties.

Madrid lifts ban

Madrid authorities lifted five-day-old heating and parking restrictions after a weekend rain storm swept away smog which had taken air pollution to dangerous levels.

Business summary

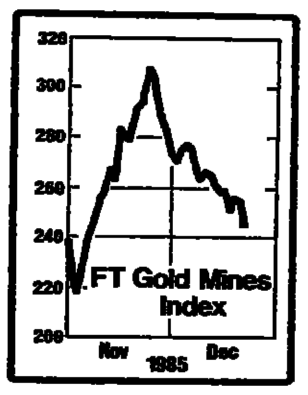
European bourses surge to records

COMPETITIVE foreign buying and a pre-Christmas fling by local operators caused share prices to surge on European bourses yesterday. Records were achieved in Germany, France, the Netherlands and Italy as blue-chip and industrial issues showed firm gains. Page 26

WALL STREET: The Dow Jones industrial average closed 14.22 down at 1,528.78. Page 26

LONDON: Buying of special situation stocks helped the FT Ordinary index to close 4.9 higher at 1,113.5. The FT-SE 100 index closed 2.1 up at 1,388.6. Page 26

TOKYO: Hopes of firmer prices drove shares sharply higher despite an absence of fresh incentives. The Nikkei average added 80.25 to close at 13,034.04. Page 26



SOUTH AFRICAN gold shares were unsettled as a result of pressure on the rand caused by concern over political unrest. The FT Gold Mines index fell 9.6 to 244.8, the lowest for more than a month. Page 22

GOLD rose $1.75 on the London bullion market to $327.75 and $1.80 in Zurich to $327.55. Page 18

DOLLAR drifted lower in London trading, closing at DM 2.504 (DM 2.51), SFr 2.103 (SFr 2.111), FFr 7.68 (FFr 7.7175) and Y202.5 (Y202.6). On Bank of England figures the dollar's index fell to 127.1 from 127.4. Page 19

STERLING showed small mixed changes in London, gaining 30 points against the dollar to $1.4275. It also improved to Y289.0 (Y288.5), was unchanged at DM 3.575 and declined to FFr 10.985 (FFr 10.995) and to SFr 3.0025 (SFr 3.0075). The pound's exchange rate index rose 0.1 to 78.2. Page 19

ISRAEL'S Cabinet cut its 1986 budget total by a further $180m through higher taxes, levies and lower subsidies. Page 3

CHINA is likely to abandon bidding rounds as a means of choosing foreign companies for oil exploration in favour of direct talks with consortiums. Page 3

BRITISH National Space Centre is seeking the views of industry on likely spin-offs from UK participation in a proposed international manned space station. Page 4

DISTILLERS, the Scotch whisky company fighting a £1.9bn ($2.7bn) bid from Argyll Group, attacked Argyll's use of political advisers. Page 14

HONG KONG Dragon Airlines, which aims to compete with Cathay Pacific Airways, was licensed by the colony to operate flights to eight Chinese cities. Agreement still has to be reached with China. Page 3

MIDCON, US oil pipeline group, took defensive measures against a $2.7bn bid from two smaller companies. Page 10

BRITISH Government efforts to boost the growth of private-sector pension funds are likely to prompt a rise in gilt holdings, says the London Stock Exchange. Page 4

JAGUAR lifted output in 1985 by 15 per cent to a record 38,500 cars. It expects a further increase of at least 10 per cent next year. Page 4

The Financial Times will not be published tomorrow or on Thursday. We wish our readers a very happy Christmas holiday.

Westland demands guarantees from European groups

BY LIONEL BARBER IN LONDON

WESTLAND, Britain's troubled helicopter maker, yesterday demanded guarantees on subcontracting work and future collaboration from the five-strong European consortium of aerospace manufacturers seeking to buy a 29.9 per cent stake in the company.

Westland conceded that the revised European rescue plan, finalised on Friday, contained "material changes" from the consortium's original proposals but said that it needed to be clarified on the "type and quality" of the work on offer.

The demands, set out in a one-page letter signed by Sir John Treacher, Westland's vice chairman, to Lloyds Merchant Bank, advising the consortium, came as the white-collar engineering union Tass, the largest union at Westland representing 2,500 workers, came out strongly in favour of the plan.

Mr Ken Gill, Tass general secretary, said that, under the rival Sikorsky-Fiat proposal backed by the Westland board, the company would be reduced to a "tin-bashing operation."

However, in a circular sent out yesterday, Sir John Cuckney, Westland's chairman, urged shareholders to vote in favour of the rescue plan put forward by Sikorsky, the US helicopter maker, and Fiat of Italy, at an extraordinary general meeting planned for January 14.

The move was immediately criticised as "outrageous" by Mr David Horne, managing director of Lloyds merchant bank. "How could they possibly recommend the offer before they have had a chance to properly consider our own? They are trying to bulldoze the Sikorsky-Fiat proposal through," he said.

Westland's full board has yet to consider formally the European proposal. Yesterday's brief meeting with Lazard Brothers, the merchant bank advising Westland, was only attended by two Westland directors, and Sir John was not present.

After the meeting, Mr Michael Baughan, a Lazards director, said that a continuing stumbling block was the uncertainty over the European proposals for subcontracting work. "We want to translate the 'commitment' of the European consortium into guaranteed jobs and man-hours. This is absolutely crucial."

The offer by the European consortium, which includes British Aerospace and GEC, Agusta of Italy, MBB of West Germany and France's Aérospatiale, contains 3.3m man-hours' work spread over five years. This would include work on Aérospatiale's Super Puma Mark Two version and the Agusta 129 and an order of six Sea King helicopters from the British Ministry of Defence. It does not include possible additional work on the NH 90, the new naval and tactical transport helicopter, and the new battlefield helicopter, planned for the 1990s.

Westland's letter to Lloyds Merchant Bank questions the assumptions underlying the promise of 3.3m man-hours. In particular, there is the oft-repeated concern that the work is dependent on the vagaries of the market, while Sikorsky has guaranteed 1m man-hours' work on manufacturing and developing the medium-weight Black Hawk helicopter.

Mr Horne said last night that the proposed Sikorsky-Fiat plan was also dependent on future market requirements. "Their work is no more guaranteed than ours," said Mr Horne, adding that pressures on the US Defence Department budget could force Sikorsky to cut back production for the US military.

Westland, meanwhile, played down the Libyan Government's 14 per cent stake in Fiat, which has been criticised by some British MPs. The company pointed out that the Libyans' involvement in Fiat was long-standing, going back to 1976, and had not prevented Fiat from being involved in a variety of sensitive defence contracts, including collaboration with Rolls-Royce in building the RB199 engine for the Tornado jet.

Austrian trading group to be closed after oil losses

BY PATRICK BLUM IN VIENNA

MERX, the Austrian trading company at the centre of a new scandal over oil speculation by state-owned groups, is to be closed, government officials said yesterday.

The company will be the first casualty of an increasingly bitter political row about the role and conduct of the country's state industries.

The supervisory board of Chemie Linz, the chemicals group, was expected formally to decide last night to order the closure of its trading subsidiary after disclosures at the weekend that Merx had lost Sch 550m ($31m) in recent weeks through speculation on the international oil market, despite a government order forbidding such transactions.

The ministry in charge of state industries said yesterday that the majority of Merx's 50 employees would be redeployed in Chemie Linz, to handle the group's chemicals trading business. There would be no more oil speculation in the group.

Merx's turnover in 1984 was Sch 17.6bn, a fraction of the Sch 107bn turnover of Voest-Alpine Intertrading, a trading subsidiary of the state-owned subsidiary whose Sch 2.4bn losses in oil speculation sparked off the current crisis.

Merx's business, however, has grown dramatically this year. Ministry officials say that its turnover was Sch 67.5bn between January and September and that it was expected to reach about Sch 80bn by the end of the year. A large proportion of this was in oil trading.

The Government and the board of Oiag, the holding company for the nationalised industries, are now examining the records of the company to determine managerial responsibility in the affair. Two of Merx's former managers yesterday insisted that the boards of Chemie Linz and of Oiag knew of the company's oil trading activities.

This would reflect upon Mr Rudolf Kirchweger, former chairman of Chemie Linz, who has only recently been appointed chief executive at Voest-Alpine.

Dr Josef Taus, the opposition Peoples Party's industry spokesman, said yesterday that it was "unthinkable" that Mr Ferdinand Lacina, the minister responsible for state industries, the Oiag board and the managers of the companies themselves could not have known of the activities of Merx and Voest-Alpine Intertrading. "If they did not know anything about it, then they are not suitable for their business," Dr Taus said.

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Palme orders investigation into Stockholm insider share deal

BY DAVID BROWN IN STOCKHOLM

MR OLOF PALME, the Swedish Prime Minister, yesterday formed a special commission to investigate the controversial "Leo affair" in the midst of a growing debate over ethical standards and the adequacy of existing self-regulatory mechanisms on the Stockholm Stock Exchange.

The move follows the unexpected resignation on Friday of Mr Hans-Eric Ovin, working chairman of Sonessons, the light engineering, pharmaceutical and medical equipment company associated with the Volvo group, in the wake of the sale on advantageous terms of shares in Leo, a Sonessons' subsidiary, to a number of insiders.

The affair has sparked urgent calls for new legal mechanisms to protect small shareholders in Sweden.

"The security of small shareholders is the most important issue facing the bourse today," said Mr Bengt Ryden, the stock exchange chief.

He has faulted this and other inside deals and called for an end to the "Wild West mentality" prevailing among some listed companies on the exchange.

"We must get to the bottom of this affair," Mr Palme said yesterday. At the weekend, Mr Bengt Johansson, a government minister whose responsibilities include the bourse, suggested that new legislation might be forthcoming next year.

Ironically, the conservative Mr Ovin was considered one of the best and the brightest on the business scene in Sweden. He has strongly defended the propriety of the share deal, which took place in 1983 and 1984 and in which some of Sweden's most influential businessmen took part.

He said the extensive debate surrounding the affair had made his continued chairmanship a liability to normal Sonessons' operations.

Shares in Leo – which Sonessons acquired in 1983 – were sold to Sonessons' board members (including Mr Ovin) and others (such as Volvo chairman Mr Pehr Gyllenhammar) at SKr 50.60 before its public introduction at SKr 75 a share on the stock market in 1984.

Mr Ovin has promoted the practice of offering insiders a stake in the business they run. He noted earlier that "Leo was then a company with uncertain future prospects." The lower price of the directed issue reflected a risk involved in the investment, he maintained.

However, it later developed that Mr Erik Penser, the Swedish financier whose Yggdrasil holding company became Leo's second largest shareholder, had offered to repurchase the shares of the original subscribers at a guaranteed price.

The Swedish Shareholders' Association, one of the sharpest critics of the deal, noted that neither Leo nor Sonessons was in need of fresh

Continued on Page 10

January launch in Lille for Channel contract

By Paul Betts in Paris

MRS MARGARET THATCHER and President François Mitterrand will meet at Lille, in northern France, on January 20 to announce the name of the winning project to build a fixed link across the Channel.

Mr Jean Auroux, the French Transport Minister, disclosed the date during a visit to Lille. British officials said that Mr Auroux had "jumped the gun" with his announcement but confirmed unofficially yesterday the date and place of the meeting between Mrs Thatcher, the British Prime Minister, and President Mitterrand.

Officials in Paris yesterday said the signing of the treaty for the construction of the historic link should take place three to four weeks after the announcement of the name of the winning project and that the British Government was currently considering venues and dates for the occasion, which will be held in the UK.

The choice of Lille for the announcement of the winning project is politically significant for the French Government. The city is in the heart of the country's depressed north and has been particularly badly hit in recent years by coal pit closures and the latest steel restructuring programme. It is also the personal fief of Mr Pierre Mauroy, the Mayor of Lille and the former Socialist Prime Minister.

From the beginning, the Socialist Administration has regarded the Channel fixed-link scheme as a potentially important vote-catcher in the north in the general election next March. Although the right-wing opposition parties are widely expected to win, the Socialists are especially concerned about performing badly in traditional bastions like Lille because of discontent against Socialist industrial policies and unemployment.

The Government has set up a working group to study job-creating opportunities in the north from the fixed-link project. Mr Mauroy, in particular, has been pressing the Government to make as much political capital as possible out of the fixed link because of the wave of protests in his area after the Government agreed last summer to shut another steel plant at Trith St-Leger

Of the rival Channel fixed-link schemes, Paris appears to be tilting at this stage towards either the Channel Tunnel Group/France

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P&O back into ferry business, Page 10

WINNIE MANDELA RELEASED

Police blame ANC for Durban bomb

BY ANTHONY ROBINSON IN JOHANNESBURG AND STEWART FLEMING IN WASHINGTON

SOUTH AFRICAN police last night blamed the outlawed African National Congress for the bombing at a Natal seaside resort which killed six and injured 44. The bomb, planted in a rubbish bin in a crowded shopping mall, was the first open terrorist attack on mass civilian targets and was seen as a significant escalation of violence in the country.

The deaths of the six whites in Amanzimtoti, south of Durban, came as Mrs Winnie Mandela, wife of the detained ANC leader Nelson Mandela, promised to defy the government order banning her from Johannesburg and the black township of Soweto as she was released without bail.

Her arrest on Sunday and her overnight detention prompted an angry response from the US. The White House described the government action as "repressive" and lodged a formal protest with the South African embassy in Washington.

In one of the most forceful US condemnations of South African government actions since the outbreak of township violence 18 months ago, Mr Larry Speakes, the White House spokesman, said yesterday: "The US Government deplores the South African government action in arresting Winnie Mandela. We are concerned it can lead to further excesses."

He added: "We hope the South African Government will refrain from such repressive measures and move towards discussion with leaders of the black community."

Last night Mrs Mandela was on her way to Cape Town, after narrowly averting being re-arrested by police at her Soweto home.

Mrs Mandela, who was arrested on Sunday at her home for defying a revised banning order which prohibits her from entering the Johannesburg area, returned there after her court appearance. Police threatened to re-arrest her, but she was allowed to pack and fly to Cape Town, where she is due to visit her husband in Pollsmoor jail on Christmas Day.

She told reporters that she had no intention of obeying the banning order, describing it as "a law that should not be obeyed by any honourable human being."

Last night no organisation had claimed responsibility for the Dur-

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Paris frees more industrial prices

BY PAUL BETTS IN PARIS

THE FRENCH Government yesterday freed a new series of commodity and industrial products from government price controls as part of its continuing efforts to abolish all price controls by the end of next year.

The latest round of industrial price liberalisation announced yesterday by Mr Pierre Bérégovoy, the French Economy and Finance Minister, will involve goods with annual sales totalling about FFr 100bn ($13bn).

Price controls have been lifted on home heating oil, domestic appliances, video games, video cassette recorders and other video equipment, newspapers and magazines, perfume and cosmetic products, chocolate, certain cheeses and tinned milk, and certain spare parts for cars and cycles, among other products.

The Finance Ministry said that the latest move meant that 85 per cent of all industrial prices in France would be freed against above 80 per cent at present. Mr Laurent Fabius, the Prime Minister, said earlier this month that his target was to free all prices between now and the end of next year.

Mr Bérégovoy, who has championed a series of liberalisation and financial deregulation measures, has made the lifting of price controls one of the cornerstones of his economic policies.

The Socialist Government's resolve in freeing industrial prices is also designed to undermine the right-wing opposition parties' own economic liberalisation projects just as the campaign for the general election next March starts to heat up.

CONTENTS

Syrian economy faces shortage of foreign currency

BY MAGGIE FORD IN LONDON

THE SYRIAN economy is facing an increasing shortage of foreign exchange partly because of changes in the political attitudes of the regime of President Hafez al-Assad to some of its Arab neighbours.

The shortage has worsened recently after a ban imposed by Saudi Arabia on Syrian trucks crossing Saudi territory to the Gulf. The ban has hit both the earnings of Syrian trucking companies and Syrian vegetable growers who have been deprived of their share of the Saudi market.

It was introduced partly to increase the earnings of recession-hit Saudi companies, but mainly because Riyadh was concerned about smuggling, particularly as weapons can easily be concealed in the double walls of refrigerated trucks.

The Saudi royal family has always been concerned about arms reaching any group that might try to destabilise the country, and Syria's backing for Iran in the Gulf War against Iraq has particularly irritated a Government that has had its own problems with Islamic fundamentalists.

Syria's support for Tehran has also cost it a substantial amount in foreign currency earnings since 1982 when it decided to cut the pipelines through which Iraqi oil was exported to the Mediterranean.

Cumulative earnings from pipeline transit fees amounting to $800m have been lost and arrangements for the import of light crude required by Syria have not gone smoothly. Iran resumed shipments at a rate of about 120,000 barrels a day (b/d) only recently after Damascus fell behind on payments.

According to the authoritative Middle East Economic Survey, Syria was in arrears to the extent of $1bn and political differences between Iran and Syria over Lebanon and Jordan were only sorted out after a visit to Tehran by Mr Abdul Kasm, the Syrian Premier, earlier this month.

With Iraq's new export pipeline capacity already built and more in prospect, the possibility of future earnings for Syria from the pipeline system is ruled out.

Syria's support for the hardline factions in the Palestine Liberation Organisation (PLO) opposed to Mr Yassir Arafat, has also reduced its foreign exchange earnings. When Mr Arafat and his supporters were ousted in bloody battles in Tripoli, Lebanon, at the end of 1983, it was estimated that foreign exchange worth about $35m annually to Damascus was lost.

Syria's rapprochement with Jordan, reached after King Hussein's cooling of relations with Mr Yassir Arafat over the Achille Lauro hijacking, has been a setback for the Syrian opposition, a special correspondent writes.

The movement, a democratic alliance which groups the Syrian Ba'ath party, the Arab Socialist party, various independents, and the Moslem Brotherhood, has received tacit help from the Jordanian Government, as well as Iraq in recent years. But King Hussein has now told Syria that he will not allow any activities of the Moslem Brotherhood inside Syria to be launched from Jordan.

Mr Adnan Saadeddine, a leader of the group, denied Syrian claims that the Brotherhood has given up trying to help dissidents and surrendered to the authorities. Speaking in Brussels at a conference on human rights in Syria earlier this month, he said that President Assad was trying to confuse Syrians about the strength of the opposition and that Jordan was only one of several countries in which it operated.

That expulsion is thought to be one reason why aid-flows to Syria from the oil-rich Gulf states have not been as great as was agreed at the Baghdad summit in 1978.

Arab states agreed to give $1.8bn a year to Syria then, but declining oil income has had a serious effect on these payments and also on remittances from Syrian workers in the oil-producing countries.

One bright spot is the possibility of a boost in oil exports from a new field discovered by Shell US in eastern Syria. Reports suggest that this field could towards the end of the year produce oil income of as much as $430m a year and provide a use for the Iraqi pipelines.

This would go some way towards offsetting the country's trade deficit, which reached $852m last year. Present oil exports are largely balanced by the need to import about the same amount of oil for domestic use.

Increased oil exports at this level would still not cover Syria's current account deficit, however. This reached $1.9bn last year, an improvement on 1983's deficit of $2.2bn. Servicing costs on Syria's foreign debt alone were projected at $428m last year.

US tries to deregulate anti-trust law

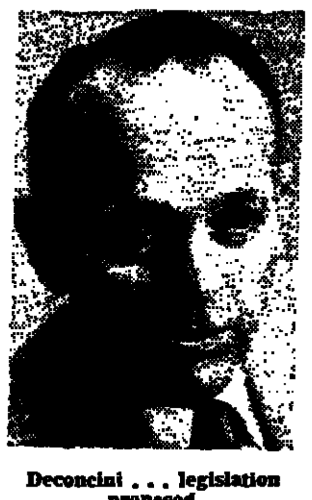
THE ARRIVAL of any new antitrust chief brings fresh approaches to US competition policy, but the installation last September of Douglas Ginsburg as Assistant Attorney-General for Antitrust signalled more than the usual mid-course changes. It may mark a dramatic new phase of the Reagan-Baxter-Chicago School revolution in US antitrust.

Under President Ronald Reagan's first two antitrust chiefs, Mr William Baxter and Mr Paul McGrath, US antitrust was "rationalised" by subjecting the enforcement policy of the executive branch to rigorous economic analysis and by sharply reducing the resources devoted to investigations and enforcement actions.

Now, with the rationalisation well underway, the next step is evidently to be the "deregulation" of antitrust—that is, legislative action to restrict the scope of the antitrust statutes themselves. The goal is to make it impossible for future governmental enforcement actions and judicial decisions to frustrate efficient marketplace conduct.

Mr Ginsburg, a 39-year-old former Harvard law professor, has thus been assigned two missions: first, the job of continuing the rationalisation work of his predecessors, and second, the far more challenging job of shaping the antitrust deregulation initiative.

In pursuit of rationalisation, he has elevated his top staff economist to a new deputy position on a par with the three other deputy positions held by lawyers. The number of litigation sections has gone down from nine to five, reflecting budget cuts that have reduced



Deconcini . . . legislation proposed

division personnel by 35 per cent since 1981.

He has also reiterated that his principal enforcement goal is the criminal prosecution of price-fixing, market divisions, and other forms of collusion among competitors. To get the most benefit from his limited enforcement resources, Mr Ginsburg is stressing the need for harsh, exemplary prison sentences against those individuals who get caught in the enforcement net.

It is Mr Ginsburg's second mission, the deregulation initiative, that could turn out to have historic consequences. During the past year Mr Malcolm Baldrige, the Commerce Secretary, has mounted an increasingly powerful campaign to "remove the handcuffs placed on US industries by outmoded, unwarranted antitrust laws," so that American companies can compete successfully in world markets.

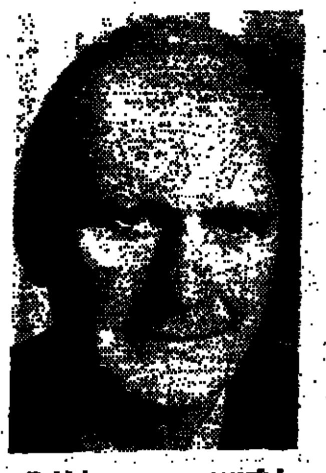
With more and more sectors of US industry losing jobs and profits to increased import competition, and with the US running politically unacceptable trade deficits, the Baldrige campaign to deregulate antitrust has steadily picked up support inside and outside the Reagan Administration.

As a result, Mr Ginsburg finds himself co-chairing (with Assistant Treasury Secretary Manuel Johnson) a working group charged with drafting an antitrust legislative reform package now being reviewed by President Reagan.

The reform package contains far-reaching proposals relating to antimerger enforcement, treble damage actions, and international antitrust. Mr Baldrige's main complaint is with the US antimerger law, section 7 of the Clayton Act. He has urged outright repeal of the law, so that US antitrust would only prohibit those few mergers that create monopoly power in violation of section 2 of the Sherman Act.

Mr Ginsberg wants to save much more of his antimerger enforcement programme than that, and a compromise has been shaped under which the Administration's current enforcement policy, as expressed in the Justice Department's permissive economics-driven 1984 merger guidelines, would be codified in statutory form to prevent future governmental backsliding into a more hostile, legalistic approach to mergers.

In addition, special exemptions from antimerger rules would be available to enable US industries that are harmed by import competition to restructure themselves to be more efficient and competitive.



Baldrige . . . powerful campaign

The Administration wants to confine the private treble damage action, the rogue elephant of American antitrust, to cases of price-fixing and market allocations, making single damages the remedy for all other antitrust violations (for example, unlawful non-price restraints on distributors). Over two-thirds of the more than 1,000 private antitrust actions filed in US federal courts each year would be "de-trebled" by the Administration's proposal.

In the international field, the Administration is preparing to endorse the central provision of a pending legislative proposal by Senator DeConcini, the Arizona Democrat, authorising US courts to dismiss private antitrust actions involving an unreasonable exercise of extra-territorial jurisdiction over conduct of US and foreign corporations outside the country.

Early Congressional response to the Administration's antitrust deregulation package ranges from open mindedness among certain key senators to immediate opposition from some leaders in the House of Representatives. Mr Peter Rodino, chairman of the House Judiciary Committee, is a staunch defender of traditional antitrust doctrine, already on record as implacably opposed to any serious tampering with the antimerger law or the treble damage remedy.

Much of US industry therefore remains sceptical about the legislative prospects for the package as a whole or for its controversial proposals concerning antimerger law and treble damage actions.

But any predictions about the ultimate fate of the deregulation package are premature until President Reagan decides what to do with it. If he concludes that the reform package does little more than make worthwhile technical changes to antitrust law, then Mr Ginsburg's mission will turn out to have been mostly an academic exercise.

If, on the other hand, he concludes that antitrust deregulation is a much better way to help industry meet global competition than erecting trade barriers, and if he puts his enormous popularity and political strength behind the reform package as an alternative to protectionism, then US antitrust may look a lot different in three years' time.

Mr Lange, who lives in London, and Mr Campbell, in Washington, are partners in the law firm Wilmer, Cutler and Pickering. They practise extensively in US and EEC antitrust and economic regulatory law.

Kasparov opposed to Karpov rematch

By Dominic Lawson in Amsterdam

GARRI KASPAROV, the 22-year-old world chess champion, yesterday sought to avoid a return match against Anatoly Karpov, the Muscovite whose title he seized last month after a year-long struggle.

In a packed press centre at Amsterdam's Schipol Airport the champion from the southern Soviet Republic of Azerbaizhan declared: "This event can not be." He said of Karpov: "No one should have so many privileges in the chess world."

The revenge match, the initiative of Karpov and the president of the World Chess Federation, Mr Florencio Campomanes, was due in February and was likely to take place in London after the Greater London Council outbid Leningrad city authorities for the right to hold the match.

But Kasparov the day after annihilating the world number three, Jan Timman of the Netherlands in a "friendly" match asserted "I had to sign the return match rule in Moscow just before the opening ceremony of the match with Karpov. I was given no time to protest about it."

At the same press conference, Professor Lincoln Lucena of Brazil announced that he would challenge Mr Campomanes in the next World Chess Federation presidential election in November, on a joint ticket with Raymond Keene, the British Grand Master, running for general secretary.

Kasparov, who was on the platform with Keene and Prof Lucena but with no other Russians, immediately endorsed the campaign proclaiming: "As world champion I aim to do everything I can to support people working for democracy in chess."

But the young Azerbaizhani is not relying solely on appeals to democracy in the West to put a stop to the revenge match with Karpov. He said after the press conference that there was "a good situation with the government in my country" and that "things are not too good for Karpov in Moscow now. There is only a 1 per cent chance this match will take place."

Support found for over-the-counter market

BY WILLIAM DAWKINS

A SIGNIFICANT number of venture capital groups and securities traders would be prepared to fund and organise the establishment of a European over-the-counter market (OTC) for small company shares.

That is the main conclusion of a study* sponsored by 10 risk investment organisations—including the European Venture Capital Association—which concludes that not enough is being done by governments to co-ordinate equity markets at small company level.

The association, the main lobby group for venture capital in Europe, will decide next month what action to take in the light of the report's finding.

A community-wide OTC, providing an electronic share market outside the portal of national stock exchanges, would attract more public investment into small innovative companies that now have little chance of achieving flotations on European equity markets, says the study.

The authors, two Swiss consultancy firms, ELBAssociates and Consultex, point out that venture funds raised in Europe are flowing into the US at the "rate of hundreds of millions of dollars a year."

This is partly, they say, because more interesting start-up opportunities are to be found in the US. But more importantly, it is because the US OTC provides an easier method by which investors can realise their profits in venture-backed companies than is available in Europe.

It accepts that the growth of Britain's Unlisted Securities Market and equivalents in France and the Netherlands has created a relatively flexible "exit route" for investors in those countries. However, the total annual turnover of secondary markets in Europe is still a mere 1 per cent of that achieved on the US nationwide electronic market, the National Association of Securities Dealers Automated Quotation System (Nasdaq).

The European Commission has for long been attempting to set common standards of practice for Community equity dealers, but the report says its efforts have been focused at stock market level rather than on the needs of small businesses looking for start-up or early-stage finance.

The study envisages that shares on the Community OTC would be denominated in European Currency Units to make it easier for investors to compare companies internationally. It argues that a market of this kind would be "the best insurance that individual securities dealers can have about their future well-being, given the great amount of uncertainty concerning the long-term survival of many European stock exchanges."

Almost 60 per cent of a sample of about 40 venture capital groups said they would be very much in favour of the formation of a European Association of Securities Dealers to organise a Community-wide OTC. Half of them said this would make it easier to sell shares in their investments, while 27 per cent felt that a European OTC would stimulate more entrepreneurial activity. A smaller number of securities dealers were similarly enthusiastic.

** The Feasibility of Creating a European Association of Securities Dealers to Trade Over the Counter in Ecu-denominated Shares: SwFr 12,000 (£4,000) from ELBAssociates, 12 Avenue Adrien Jeandin, 1226 Thonex, Geneva, Switzerland or Consultex, 157 Route du Grand Lancy, 1213 Onex, Geneva.*

Irish hopes for industry set back

By Hugh Carnegy in Dublin

IRELAND HAS experienced slower-than-expected industrial growth and a disappointing net decline in manufacturing employment this year, the Irish Industrial Development Authority said in a report published yesterday.

Its end-of-year statement said overall industrial output was expected to have increased by 4 per cent this year and to continue at the same rate in 1986. This represents a marked slowdown compared with 1984 when the figure was 12.8 per cent.

Companies supported by the IDA created 11,000 jobs during the year, 1,000 more than in 1984, but this was not enough to prevent a net decline in manufacturing employment, the statement said. "This is disappointing given earlier more optimistic expectations," it added. About two thirds of job losses were due to existing companies trimming their workforces.

However, the IDA said it expected employment to stabilise next year, thanks to the projected creation of 12,000 jobs which would be enough to offset losses. Unemployment is the highest in the EEC, with 230,000, or 17.5 per cent of the workforce, on the dole. The IDA said the annual production of manufactured goods in Ireland now totalled about I£15bn (£12.5bn). Just over half of this went for export, accounting for 80 per cent of all exports from Ireland.

The slower growth of industrial output was due in part to a slowdown in the electronics sector, an area which the IDA regards as of crucial importance in building up Irish industry. The authority's ambitious plans for the sector were hit by the closure of two of its flagship projects.

The US microchip maker Mostek closed its Dublin plant in October when Mostek's worldwide operations were shut down by its parent, United Technologies. That led to more than 400 redundancies from a factory originally intended to double in size. In November, the US semiconductor group Advanced Micro Devices shelved an I£180m plan to build a wafer fabrication plant south of Dublin.

On the encouraging side, the IDA said it had approved 200 projects for foreign companies this year which would eventually result in 13,000 jobs.

Domestically, the IDA recorded a 25 per cent rise over 1984 in the number of small Irish companies agreeing investment projects with the authority, the number rising to 680.

EEC jobless rise

Unemployment in the European Community stood at 11.2 per cent of the workforce last month, unchanged from October, the EEC Statistics Office reported yesterday, AP reports from Brussels. The rate compared with 11.1 per cent in November last year. The number of registered unemployed edged up to 12.77m last month from 12.71m in October, the report said.

Record trade surplus

South Africa achieved a record trade surplus of R11,926m over the first 11 months of this year against R3,256m in the same period last year. Exports, boosted by rand depreciation, rose to R33,275m while imports, whose volume was reduced by the domestic recession, amounted to R21,348m.

Cheysson in Cyprus

European Community Commissioner Claude Cheysson arrived in Nicosia yesterday for talks with the Cypriot Government on a proposed customs union with the EEC, which has angered Turkish Cypriots, Reuter reports. A recent EEC Foreign Ministers' meeting in Brussels approved the start of new negotiations with Cyprus to expand its present association agreement with the Community into a full customs union.

Spanish general shot dead

BY DAVID WHITE IN MADRID

A RETIRED general of Spain's paramilitary Civil Guard was shot dead yesterday while walking near his home in Pamplona, northern Spain. He was the fifth victim of Basque terrorism since the Eta separatist group resumed its attacks a month ago after a 10-week lull.

The assassination took place amid continuing protests in the region over the recent death of a suspected Eta collaborator, Mr Mikel Zabalza, who was found drowned three weeks after being detained by the Civil Guard.

Yesterday's shooting coincided with the blowing up of the Lisbon offices of Iberia, the Spanish state airline, by a terrorist group which said it was protesting against Mr Zabalza's death.

The victim of yesterday's shooting, 67-year-old Gen Juan Atares Pena, was well known for his extreme right-wing views. He gained fame in 1978 when, as a regional Civil Guard commander, he accused the then Defence Minister, Gen Manuel Gutierrez Mellado, of being "a traitor" and "a liar." He was subsequently court-martialled.

The attackers, who according to eye-witnesses were a man and a woman, shot him in the head and the back and escaped in a car.

Protest over workers from East Germany

By Leslie Colitt in Berlin

WEST GERMANY'S trade unions are protesting loudly against the hiring of East German workers by West German construction companies eager to cut costs.

The German trade union federation in West Berlin said East German workers were employed on West Berlin building sites at a time when unemployment among local construction workers remained high.

The East Germans were provided by the Limex foreign trade organisation in East Berlin which earned hard currency while paying the men mainly in East German marks.

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OVERSEAS NEWS

Moscow denies violating arms agreements

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION has strongly denied that it has violated arms control agreements with the US and says the accusations are made in order to divert attention from the Soviet proposal for a moratorium on nuclear testing.

The official news agency Tass says the charges of alleged Soviet violations of past accords, revealed in a report leaked to the US media at the weekend, contain nothing new. The report "sets forth the hackneyed inventions unsubstantiated by any concrete facts," Tass says.

It specifically denies the accusation that the Soviet Union has violated the Salt 2 agreement by developing the SS-25 missile. This, it says, is merely an upgraded version of its SS-13 missile. It adds that the Soviet Union has already discussed this question with the US and "presented data testifying that the characteristics of the modernised missile completely accord with the Salt 2 treaty."

Three other alleged violations of arms control agreements with the US are also denied. They are:

- The claim that Moscow has deployed SS-16 missiles. Tass says the Soviet Union has no such weapon.
- The accusation that the radar station under construction in Krasnoyarsk in Siberia violates the 1972 Anti-Ballistic Missile treaty. The Soviet Union says *the radar is "designed solely* for the tracking of space objects."
- The allegation that the Soviet Union is developing an anti-ballistic missile system for the whole of its national territory. Tass says that this is simply a justification for President Ronald Reagan's Strategic Defence Initiative.

The Soviet moratorium on nuclear testing, introduced unilaterally by Mr Mikhail Gorbachev, the Soviet leader, last July is due to expire on January 1. *Last week Moscow said it* would accept on-site verification of any long term moratorium by both sides on testing, but there has never been any sign of optimism here that President Reagan would accept the moratorium.

- The Communist Party leader of Turkmenistan has become the third leader of the four Soviet Central Asian Republics to lose his job in the past two months. The new leader is Mr Saparmurad Niyazov who was formerly the republic's prime *minister. There has been strong* criticism of economic failures and corruption in the Central Asian republics.

Chinese students in nuclear protest

SEVERAL hundred students from China's remote Xinjiang province have demonstrated illegally in Peking in what was thought to be the first public protest against nuclear tests, Reuter reports.

A female student at the Central Nationalities' College in Peking said that Sunday's two-hour protest in the vast Tiananmen Square was also directed against Peking's policy of sending convicts to Xinjiang.

"We were protesting against nuclear tests in Xinjiang. We want talented people, not convicts, to be sent to Xinjiang and we want the government of Xinjiang to be in the hands of Xinjiang people," she said.

The demonstrators were all Uighurs, a Turkic-speaking people who *straddle China's border with the Soviet Union.* They and other Moslem peoples make up more than half Xinjiang's 13m population.

The student said the demonstration had been organised by students and police made no arrests.

Xinjiang, one-sixth of China's entire land mass, *includes two vast deserts*—the Gobi and the Taklamakan. It was at Lop Nor in the Gobi that China's first atomic device was detonated in October 1964 and dozens of atmospheric and underground nuclear tests have been carried out there since.

A Uighur student who declined to identify himself later telephoned foreign journalists in Peking and said a previous demonstration took place in the Xinjiang capital Urumqi on December 12.

- Spending on fixed investment, wages and bonuses this year has risen too fast leading to inflation, Liu Hongru, vice-president of the People's Bank of China, writes in the Peking Review. Spending on fixed investments and wages and bonuses has risen by 25 per cent, almost double the planned increase of 13 per cent.

He blames the increases partly on the unnecessary issue of Yuan 8bn (£1.75bn) in new currency out of a total new issue of Yuan 26.2bn in 1984.

Arafat pressed by Egypt to accept key UN resolution

BY OUR MIDDLE EAST STAFF

PRESSURE IS mounting on Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, to accept Israel's right to exist as laid down in United Nations Resolution 242.

President Hosni Mubarak of Egypt warned yesterday that Mr Arafat would be "the big fat loser" if he failed within the space of two months to accept the resolution. Acceptance of 242 is at the heart of the peace efforts launched last year by King Hussein of Jordan and one of the key conditions laid down by the US before it will talk to the PLO.

In an interview with NBC television, Mr Mubarak said King Hussein would adopt a new strategy if Mr Arafat did not co-operate. Mr Arafat has refused to endorse Resolution 242 because it only deals with the Palestinians as a refugee problem and does not admit the creation of an independent Palestinian state.

While King Hussein has not abandoned hope of his initiative producing results, he has recently sought to improve relations with Syria, one of Mr Arafat's most implacable enemies. President Hafez al-Assad is determined to topple Mr Arafat from the leadership of the PLO and has sponsored a rival organisation in Damascus.

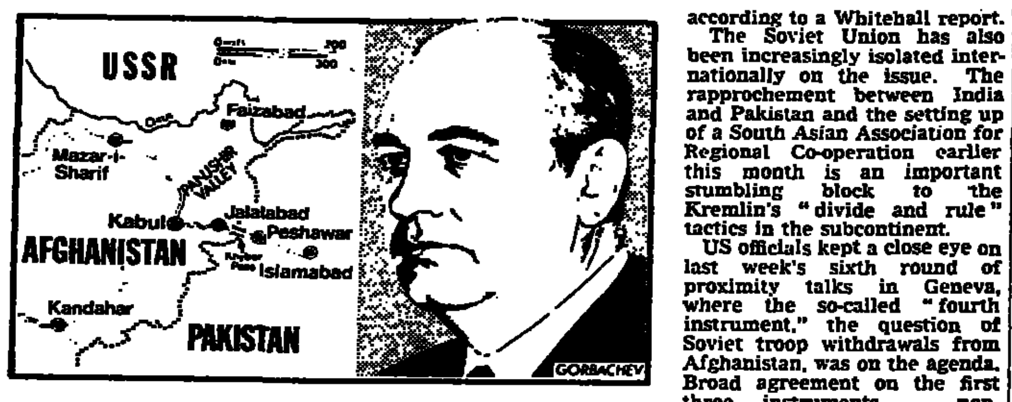
President Mubarak said he believed that the reconciliation between Syria and Jordan was designed in part to reassure President Assad that the issue of the Golan Heights would be on the agenda of the international peace conference proposed by King Hussein.

Alain Cass reports on faint signs of hope in a six-year war

Optimistic Afghanistan anniversary

A FAINT air of optimism about an end to the war in Afghanistan, which began six years ago today when 5,000 Soviet paratroopers landed at Kabul airport, has recently emerged.

Moscow appears to have embarked on a policy of nods and winks which suggests that it may be looking for a political way out of the Afghan morass despite the fact that 1985 has been among the war's most murderous years so far.



Western diplomats are still far from convinced that the Soviet Union is serious in wanting a political settlement which takes account of Pakistani and rebel interests. "But there has been a definite change in tone," said one US State Department official.

The question is what does this change mean? It could mean something, or it could mean nothing. We're curious, as opposed to optimistic." Western curiosity was first aroused at the Geneva summit, when remarks by Mr Mikhail Gorbachev, the Soviet leader, lacked the rhetoric which usually accompanies Moscow's statements on Afghanistan.

They were followed by a reduction in the general level of propaganda and a number of conciliatory noises in the Soviet Press. The most recent, in Pravda last weekend, called for a political dialogue between all Afghans.

They have been accompanied by an easing of the Soviet military offensive against the guerrillas inside Afghanistan over the past few weeks. The new tactics, which began just before the Geneva summit and continued until last week's "proximity" talks, also in Geneva, between Afghanistan and Pakistan under United Nations auspices, were all the *more marked since* they followed a period of major military offensives and sharply increased civilian casualties.

The increased fighting in 1985 brought a new flood of refugees into Pakistan, where over 350 camps are filled to bursting point. The International Red Cross has said that the heavy fighting in Paktia province has led to an unprecedented number of wounded, including many more women and children arriving at the special hospitals in the Pakistani frontier town of Peshawar.

A UN report prepared early last month draws attention to the widespread abuse of human rights, including mass reprisal killings by Soviet and Afghan troops, bombing of civilian centres and the elimination of opponents of the Kabul regime.

Since the Soviet invasion on December 27, 1979, more than 4m Afghans have fled the country, of which 75 per cent are in Pakistan.

The current Soviet "peace" offensive may be partly explained, according to Western observers, by the continued problems faced by Moscow's 115,000 troops in Afghanistan. Despite greater experience in fighting a guerrilla war, tighter discipline and an increased supply of sophisticated weapons, the Russians are having no significantly greater success against the Mujahideen rebels who now receive $250m a year in weapons aid from the US alone.

The Afghan army has been slashed from 80,000 to 30,000 through casualties and defections and is now recruiting 15-year-olds into its ranks.

Mr Babrak Karmal, the Afghan leader, has failed to win popular backing by holding a series of tribal gatherings, and has not left Kabul since 1983, according to a Whitehall report.

The Soviet Union has also been increasingly isolated internationally on the issue. The rapprochement between India and Pakistan and the setting up of a South Asian Association for Regional Co-operation earlier this month is an important stumbling block to the Kremlin's "divide and rule" tactics in the subcontinent.

US officials kept a close eye on last week's sixth round of proximity talks in Geneva, where the so-called "fourth instrument," the question of Soviet troop withdrawals from Afghanistan, was on the agenda. Broad agreement on the first three instruments — non-interference, international guarantees of a settlement and the return of Afghan refugees —have already been reached.

The US formally announced its willingness to serve as a guarantor of a peace settlement earlier this month in a letter sent to Sr Javier Perez de Cuellar, the UN Secretary-General. Although the US move was not new, it was intended as one official put it to "flush out" the Russians and see whether they were serious in wanting a political dialogue.

In the event, the talks in Geneva got bogged down on Afghan insistence that the issue of Soviet troop withdrawals could be resolved only in direct talks. Pakistan refuses to agree since this would mean, in effect, recognising the Karmal regime.

The talks mediator, UN official Mr Diego Cordovez, has proposed a compromise which may break the deadlock at the next round, to be held in the spring.

Israel cuts budget by $180m

By Lynne Richardson in Tel Aviv

THE ISRAELI Cabinet, after lengthy debate, has managed to reduce next year's projected budget figure by a further $180m (£126.8m) through increased taxes, levies and cuts in subsidies.

Earlier this month, cuts of $400m from the $21.2bn budget were announced, but they, too, were not related to any reduction in government activity.

Hebrew University economist, Prof Haim Barkai, called the so-called budget cuts absurd. Prof Barkai also scorned the decision to postpone an overhaul of the present tax system. "Instead, they increase taxes and make the system even more complicated," he complained.

Another problem the Government has to confront is a proposed reduction in civil service manpower. Since the implementation of the new economic policy last June, the Government has threatened on several occasions to dismiss 6 per cent of the country's overstaffed public sector.

However, a recent report from the Central Bureau of Statistics shows that a public service workforce has grown by 2 per cent in the last year.

The public's confidence in the stability of the present economic plan was strengthened by the low inflation figure of 0.5 per cent for November. However, it was almost immediately shaken again by rumours of an impending devaluation.

This caused the black market dollar rate to soar to Shl 1,700 against an official rate of Shl 1,480 a few days ago.

South African forces try to foil Swapo offensive

BY TONY ROBINSON IN JOHANNESBURG

THE SON of a Namibian village headman was shot dead by guerrillas of the South West Africa Peoples Organisation (Swapo) over the weekend near the border with Angola as unconfirmed reports indicate that South African forces are engaged in a large operation inside Angola aimed at heading off the Swapo wet season offensive.

Defence force headquarters in both Pretoria and Windhoek, the Namibian capital refused to comment but it is reliably reported that "a small group" of South African troops crossed into Namibia in pursuit of a large group of Swapo guerrillas who had infiltrated across the border into northern Namibia.

While Pretoria maintains an official silence, the Angolan news agency Angop claimed at the weekend that four battalions, including one battalion recruited in Namibia, had moved into Angola over the past week. It was aided by a fifth batallion of troops from the rebel Unita engaged in a civil war with Angolan Government forces for a decade.

Angop also claimed that South African aircraft were flying over Angolan territory in southern Moxico and Cuando Cubango provinces where Government troops backed by Soviet and Cuban advisers are reported to be building up for a renewed attack on Unita forces

A big Government attack aimed at the Unita base of Mavinga in southern Angola was beaten off with heavy losses at the end of September along the Lomba River, 25 km north of Mavinga, an important frontline supply and logistics base which guards the main Unita base at Jamba 250 km to the south.

That battle was also preceded by a South African raid into southern Angola, ostensibly in pursuit of Swapo guerrillas, and a large re-supply operation involving arms from South Africa, Arab countries, and indirectly, from Europe.

The latest increase of tension comes as South Africa's forces are being strengthened along the country's border with Zimbabwe following the landmine explosion 10 days ago which killed six Afrikaners.

Security forces have reported killing 593 Swapo guerrillas so far this year.

WORLD TRADE NEWS

Dragonair awarded eight Hong Kong to China air routes

BY DAVID DODWELL IN HONG KONG

DRAGON AIRLINES, the fledgling Hong Kong-based carrier that has challenged the exclusive position of Cathay Pacific Airways as the colony's *de facto* flag carrier, was yesterday granted licences by the territory's Air Traffic Licencing Authority (ATLA) to operate services to eight Chinese cities.

The one-aircraft airline nevertheless expressed disappointment that licences to operate lucrative routes to Peking and Shanghai have been refused. Cathay Pacific has only recently won the right to operate services to these two Chinese cities.

Cathay hotly contested Dragonair's application at a one-week ATLA hearing earlier this month on the grounds that it would undermine its hard-won gains on the Peking and Shanghai routes. At the same hearing, British Caledonian dramatically withdrew applications to fly to a number of destinations in the region, abandoning plans to set up *an Asian route* network. It accused Cathay of "pre-emptive moves" that undermined the viability of its plans.

Dragonair must now approach the civil aviation authorities in Hong Kong and the UK, asking them to open discussions with Peking. Only when agreement is reached with China will Dragonair be entitled to begin scheduled services to the eight cities. In the meanwhile, however, Dragonair hopes to win agreement from Peking for charter services early in 1986.

The cities for which it has won licences to fly from Hong Kong are Canton, Xian, Xiamen, Hangzhou, Haikou, Zhanjiang, Guilan and Nanjing.

Few of these routes are expected to be profitable for at least two years, and Dragonair had hoped that profits from the heavily-used routes to Peking and Shanghai would underwrite start-up losses on other services.

Set up in April this year, Dragonair until now only managed to operate weekly charter flights to Kota Kinabalu in Sabah. Late in November it was allowed to operate two charter runs to Xiamen in nearby Fujian province in China, but these have not been repeated.

In refusing Dragonair's application to fly to Shanghai, ATLA said the overall capacity on the route was now "adequate." On Peking, ATLA said that in view of the "very substantial increase" in capacity to be mounted early in 1986, when Cathay begins flights, it was "in no position to gauge if there will be a shortage."

At present, CAAC, China's *national carrier, operates* six scheduled flights a week between Peking and Hong Kong, with British Airways operating one flight a week. CAAC operates 10 flights a week from Shanghai to Hong Kong, with Cathay Pacific operating three flights. Early next year, Cathay will begin operating two flights a week to Peking, with CAAC providing an additional two

British Airways is expected to lose from April its right to pick up Peking-bound passengers in Hong Kong. Its licence to fly from London to Peking via Hong Kong is also expected to be replaced by a licence to operate to Peking through India.

Sofia-Peking trade pact

BY PATRICK BLUM IN VIENNA

BULGARIA and China has signed a long term reciprocal trade agreement for the period covering Bulgaria's next five year plan (1986-1990) and a protocol for barter and payments for 1986, the Bulgarian news agency BTA said.

The agreement was signed at the end of a visit to Sofia of Li Peng, the Chinese deputy Prime Minister. No details of the agreement were disclosed, but, according to BTA, the discussions between Li and Mr Andrei Lukanov, the Bulgarian deputy Prime Minister responsible for foreign economic relations, focused on co-operation in the fields of mechanical engineering, power generation, agriculture and science and technology.

Li has visited several East European capitals in the past week. Last week he signed a long term trade agreement with Czechoslovakia which envisaged exchanges between the two countries worth SFr 5bn (£1.7bn) during the next five years.

Recent Mideast hijackings have pushed Egyptian tourism into steep decline, writes Tony Walker

Spectre of terrorism puts off fanciers of Sphinx

EGYPT'S new Tourism Minister, Dr Fouad Sultan, has a job few would envy. The bloody finale to the hijacking of the EgyptAir Boeing in Malta has contributed to an alarming fall in Egypt's tourist trade at a time when it can ill afford it.

Dr Sultan was scheduled to go to America before Christmas on a selling mission, but has delayed his visit until the dust settles on the extremely unfavourable publicity that resulted from the deaths of more than 50 people when *Egyptian commandos stormed* the stricken airliner on the tarmac last month.

Tour operators, hoteliers and Tourism Ministry officials report mass cancellations for the normally busy Christmas season, a peak time for visitors to Egypt. According to some estimates, these range up to 80 per cent, particularly from North America, with disastrous consequences for some operators who depend on a buoyant Christmas trade to sustain them through the year.

A US embassy official said about 150,000 American tourists visit Egypt each year, but he would not be surprised if the figure was halved in the coming year because of the recent cycle of violence in the Middle East, beginning with the hijacking by Shi'ite extremists in June of a TWA airliner to Beirut.

Dr Sultan is putting the best face possible on what by any standards must be a dismaying introduction to his new job (he was appointed at the beginning of September). In an interview, he said he was calling on all sectors of the tourism industry to work hard to correct the negative impression created by recent events. "We have to survive together, or sink together," he said.

Mr Sultan urged those involved in the tourism industry to devote more of their budgets to promoting Egypt as a tourist destination. The task is to persuade people that the *stability of Egypt itself has not* been affected by this year's cycle of violence in the Middle East, he said.

The Minister was unable to *give* an estimate of losses resulting from the cancellations, but some industry sources say the figure could range between $100m and $200m, particularly *if there is no pick-up in the* new year.

The opposition el-Wafd newspaper reported that in the three weeks following the hijacking in October of the Italian cruise liner, Achille Lauro, cancellations resulted in losses of some $8m. Almost all major hotels in Cairo have experienced a sharp drop in business. Occupancy rates in October before the Malta tragedy were down in some cases by as much as 20 per cent.

Recent Middle East turbulence comes at an awkward moment for Egypt, which is seeking to increase tourist

revenues to make up for a shortfall in hard currency earnings from other sources such as expatriate remittances, which are well down on last year.

Apart from the slump in tourist numbers from North America and Europe, there has also been a worrying reduction in the volume of visitors from Israel, which supplies about 40,000 tourists a year. The shooting in October of seven Israelis on holiday in the Sinai by an apparently *deranged Egyptian soldier* has badly affected tourism between Israel and Egypt.

Dr Sultan, who points out that Egypt has about 10 per cent of the world's prime historical and recreational sites and yet manages to attract less than 0.5 per cent of international tourist business, says he is determined to press on with an ambitious programme to improve his country's image as a holiday destination and to encourage new investment in tourism projects.

A former investment banker, Dr Sultan is making it easier for charter flights from Europe and elsewhere to go direct to touristic sites such as Luxor in Upper Egypt, bypassing Cairo. The only conditions, he says, are that EgyptAir must be offered the right of first refusal on 50 per cent of the traffic and that the charter flights are consistent with bilateral air traffic agreements.

Dr Sultan is also seeking to "liberalise" EgyptAir, as he puts it, to force it to operate more as a private sector company. Egypt's national airline is widely criticised for indifferent service and general lack of efficiency.

"My aim," said Dr Sultan, "is to give autonomy to the board of directors of EgyptAir so they can manage according to private sector principles." Under existing arrangements, the heads of EgyptAir departments also sit on the board, so there is effectively no independent oversight of the company's activities.

The new Tourism Minister wants a restructured board to establish fresh priorities for EgyptAir and to *operate* with relative freedom from government intervention and decisions about capital expenditure, acquisition of new aircraft, and other ventures allied with operations of an airline.

Dr Sultan has similar plans for the Egypt Hotels Company, which manages some of the country's grand historic hotels such as the Winter Palace at Luxor and Shepheards on the Nile in Cairo.

Dr Sultan, who has given himself "100 days" to gauge prospects in the tourism sector, believes there is much scope for improvement in quality of service and business volume. He said that once occupancy rates increased, the private sector would be "extremely dynamic" in committing new investment to tourism. He said one of his priorities is to facilitate new projects.

One of the main barriers to investors is the difficulty in securing land at a resonable price. Extremely cumbersome approval procedures have killed off many schemes, and companies have had their plans delayed for years because of disputes between various government authorities over land sale approvals.

Dr Sultan has won Cabinet approval for a new system of planning approvals under which the Ministry of Tourism will have the final say on land acquisition for suitable projects.

Much of existing foreign *investment in the tourism sector* is Arab, but Dr Sultan is keen to see an increase in European and American participation. He estimated that 60 per cent of investment is local, 25 per cent from other Arab countries and 15 per cent foreign.

According to central bank figures, tourism revenues were down to about $300m in 1983-1984, a sharp decline over the previous year. The drop in official receipts is partly attributable to the fact that visitors channel only about one-third of their expenditure in Egypt through the official banking system.

Dr Sultan believes that with reasonable luck he can achieve a 20 per cent growth in tourism revenues. "Taking into consideration the under-utilisation of hotel space you can easily achieve a substantial growth rate," he says. "If you started with fully utilised capacity it would be much more difficult."

China eyes new oil bid tactics

BY ROBERT THOMSON IN PEKING

CHINA is likely to stop using international bidding as a means of choosing *foreign* companies for oil exploration rights in the South China Sea. A senior Chinese oil industry official said that the process had served its purpose.

The statement by Zhao Rongfa, administrative director of the Nanhai East Oil Corporation, responsible for Chinese interests in exploration contracts in the South China Sea's eastern sections, is a departure from previous Chinese comments that there would be an indefinite number of bidding rounds for rights in the region.

Zhao said that in future China is likely to negotiate contracts on a consortium-to-consortium basis rather than holding more bidding rounds. "We think it is better to have direct negotiations now."

He said the two rounds of bidding held so far had played *an important role in* introducing China to the companies interested and helping those companies come to terms with Chinese contractual demands, and now they are "quite familiar."

Chinese officials are negotiating contracts with foreign companies following the close of the second round of bidding for South China Sea blocks on July 1. Twenty-three companies bid for rights, and the fourth contract was signed this week with a consortium comprising Agip (Overseas) of Italy, Chevron Overseas Petroleum of the US and Texaco Petroleum Maatschappij (Netherlands).

The latest agreement covers a 3,185 square kilometre stretch of the Pearl River mouth basin, about 100 kilometres off the *Shenzhen special economic zone* in Guangdong Province. In December 1983, the same consortium signed a contract with the Chinese for exploration rights adjacent to the new block.

Chinese officials have taken a more flexible line on contracts in the second round of bidding, conceding that the hoped-for bonanza field is unlikely to eventuate in the South China Sea, and hoping to encourage foreign companies to develop small- to medium-sized finds.

Contract negotiations for the second round are likely to be completed in the first few months of next year. In all, 19 contracts were signed following the first round, and diplomats expect a reduced number in the second.

Soviet contract for Montedison

MONTEDISON of Italy has won a contract worth more than $40m (£28m) to assist in the construction of a 10,000 tonne per year polycarbonate plant in the Soviet Union, Reuter reports from Rome.

Under the contract awarded to Technimont, Montedison's engineering unit, the chemicals group will provide engineering services materials, assistance and supervision. The plant, to be built at Uva, Bashkir will use Soviet technology and take about three years to build.

Montedison confirmed reports that the company in conjunction with ENI, Italian state oil corporation was also competing to build a $1bn petrochemicals contract near Stavropol.

Pakistan tries to reduce prices on telecom project

BY MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN is to re-examine telecommunications equipment tenders submitted by several European and Canadian companies in an attempt to persuade them to reduce prices.

Ericsson of Sweden and Siemens of West Germany are the front-runners for a major telecommunication deal in Pakistan's $1bn plans to modernise the nation's overloaded telephone system.

In addition to these two Europeans Northern Telecom of Canada, is on the short list to set up a digital telecommunication equipment factory in Pakistan which will manufacture 100,000 lines annually. The winner will also supply some off-the-shelf equipment, software, research.

The preliminary contract for which tenders have been submitted is expected to be around $50m but the value could go up to $200m depending what Prime Minister Mohammad Khan Junejo's government decides.

Mr Junejo has decided that the key bidders for the contract should re-examine their costs, to bring the price down in view of Pakistan's balance of payments and financing difficulties.

Interest in the tender is so keen that some of the heads of state and government, including President Francois Mitterrand of France, who spoke for Cit-Alcatel, have lobbied the *Pakistan Government.*

A major consideration will be the terms of mixed credit package, which each company has submitted.

Pit productivity record raises hopes of profit

BY MAURICE SAMUELSON

THE COAL industry's productivity so far this financial year is the best since its nationalisation in 1947, raising hopes that it might start to break even well before the target date of the start of the 1987-88 financial year.

Over the first 37 weeks of the present financial year, output per man/shift has averaged 2.6 tonnes, compared with the previous published record of 2.44 tonnes for the whole of 1982-83.

Mr John Northard, operations director of the National Coal Board (NCB), told the Financial Times that on the basis of the performance so far, the board's efficiency in this financial year was set to be the best in its history.

He was commenting on the dramatic improvements in South Yorkshire, which is now at the top of the industry's national productivity league table, and in other areas – such as South Wales and Kent in south-east England – which are *notorious for their industrial relations* records.

South Yorkshire, which is at the top of the NCB league in terms of efficiency and volume of output, has been responsible for 40 per cent of the industry's national losses through labour disruptions over the past 25 years.

Mr Northard said he was not surprised at the performance of South Yorkshire's pits since they had always had the potential to achieve it. "My only surprise was that it had not done so before," he said.

In the past two weeks, the board's national productivity had for the first time exceeded 3 tonnes per man/shift.

Mr Northard disclosed that, in its drive to boost efficiency, the board had deliberately concentrated not only on the pits with poor performances but on those previously regarded as highly successful.

Last May, it took a policy decision to identify at least one leading pit in each of the board's geographical areas with output that could be increased to 5 tonnes per man/shift over an 18-month period beginning in September.

"We were aware that even the good places run the risk of self-satisfaction and we said, let us improve on excellence." Another objective was to discourage certain areas from continuing to cite bad geology as an excuse for their chronically bad performance. That was why two pits were chosen for the exercise in South Wales (Blaenant and Taft Merthyr).

Mr Northard said productivity in South Wales was now improving each week and would be even better in the new year

Another factor in the efficiency drive, he said, had been to accelerate the capital development schemes in those collieries that had lost a year because of the miners' strike, which ended last March.

Mr Northard confirmed that the improvement in results was less marked in areas that worked during the strike

That was, he said, because in the pits that were reopening after the dispute, managers had a better opportunity to redeploy men in a way that maximised their skills.

Maxwell wins deal on Mirror job cuts

By Helen Hague

ABOUT 1,600 employees are to lose their jobs at Mirror Group Newspapers (MGN) under the "survival plan" of Mr Robert Maxwell, the newspapers' publisher. All but 100 *of those leaving the company have* volunteered for redundancy or early retirement.

Manning levels agreed by print unions allow for about 4,400 of MGN employees to be re-engaged to work for the three companies which will come into being on January 1.

Mr Maxwell has achieved his aim of splitting the publishing and printing functions of his publications, which include the national daily tabloid The Mirror. Journalists formerly employed by MGN will work for Mirror Group Newspapers (1986) from the start of the new year.

Production workers will be employed by the British Newspaper Printing Corporation, a subsidiary of Mr Maxwell's British Printing and Communication Corporation. Workers who carry out service functions will be employed by BNPC (Services).

Mr Maxwell stressed yesterday that 4,400 jobs were the most that could be retained if the titles were to survive. When he announced his job-cutting plans in November, he said that the workforce would have to be cut from 6,000 to 4,000.

He claimed yesterday that the working practices that he had sought to abolish would be eradicated when the new companies began to operate. His personal permission would be needed, for instance, to sanction any overtime working.

Peter Marsh on a campaign to discover industry's extra-terrestrial interest

Views sought on space station

BRITISH industry has the next few months to decide whether to take seriously commercial activities in space.

The British National Space Centre, formally set up in November, has started a campaign to ask industry its views on the international manned space station, planned for 1993, in which the UK is to participate through its membership of the 11-nation European Space Agency.

Britain, with other West European nations and Japan and Canada, has until the end of next year to finalise the details of collaboration in the £8bn project, which is to be led by Nasa, the US space agency.

The space station is to include accommodation for eight to 12 people who will journey to and from the base in the fleet of US space shuttles.

It will house laboratories for scientific experiments, for instance to produce exotic materials in low gravity, and platforms for large communications antennae and instruments to observe the land and oceans

There is some concern that the level of education in British industry about space activities may be substantially less than in other countries such as France, West Germany, Japan and the US.

Mr Graham Jackson, a senior consultant with Coopers and Lybrand, the management consultants, said industry in Britain was three years behind companies in the US in its general appreciation of the benefits of space experiments, for instance in low-gravity materials processing.

In the US, Coopers and Lybrand has advised on space activities companies such as 3M and General Motors, which have booked flights on space shuttles to conduct materials-processing experiments. The consultancy is setting up a similar service on space matters to industry in Europe.

Dr Geoff Roberts, a scientist with PA Technology of Melbourn, near Cambridge, said that Britain might be behind other countries at present, but that would not necessarily hold industry back, as it could learn from the way other countries had approached space experiments.

PA Technology is organising a set of experiments on a space shuttle trip next December, in which astronauts will attempt to grow very large protein crystals under weightless conditions. Information about the structure of the crystals may help scientists to produce other materials in ground-based laboratories, for instance in making new drugs.

In an attempt to gain views from industry, the UK space centre has established 14 working groups, made up of people from companies and research institutions, to inquire into the benefits of the space station. The groups cover specific activities such as materials processing, pharmaceuticals, and television

Mr Don Hardy, a civil servant at the Royal Aircraft Establishment at Farnborough, Hampshire, is co-ordinating the work of the committees. By next November, he has to produce a report for government ministers, including Mrs Margaret Thatcher, the Prime Minister, who has a strong interest in space matters, on likely spin-offs from the space station.

Britain spends about £100m a year on space activities. That sum may have to rise by about 40 per cent over the next few years to take into account the country's contribution, likely to be some £30m a year, to building the international space base.

Dr John Padday, a scientist at Kodak's research laboratories in London, who is on the space centre's committee dealing with materials processing, said a big education effort was needed before companies could decide whether activities on the space station were relevant.

Retailers relieved by Christmas spending

By David Churchill

STORES throughout the country are today expecting a last-minute surge in spending by consumers to put the seal on a record level of pre-Christmas sales.

The buoyancy of spending in the shops in the past few weeks has come as a relief to many retailers who were privately expressing concern that the pre-Christmas shopping spree might be less strong than last year.

Their fears were based on the dip in spending in September and October, after record sales in August, as well as the late start to pre-Christmas spending this year.

"It will be an excellent Christmas for most retailers," said Mr Tom McNally, director general of the Retail Consortium which represents the majority of Britain's retailers. "But the final figures may not be as high as some optimistic forecasts of a few weeks ago."

Boots, the chemists' chain, admitted yesterday that "sales overall were not yet up to our expectations."

The John Lewis Partnership of department stores reports a sales increase of only 5.5 per cent in value for the week ending December 14 in comparison with the same week last year.

"Unusually mild weather took the edge off trade in some of the clothing and accessory departments and the increase for department stores as a whole was just a shade short of estimate," says Mr Ian Anderson, *director of* trading for John Lewis.

The mild weather, after a cold snap in November, has also worried other retailers who rely on cool temperatures to sell winter clothes.

BES investment 'in low-risk industries'

BY CLIVE WOLMAN

SOUTH-EAST England and the low-risk traditional industries were the main beneficiaries of the investment stimulated by the Business Expansion Scheme (BES) in its first year, according to Inland Revenue statistics.

The figures provide the first detailed data indicating the effectiveness of the tax privileges granted by the Business Expansion Scheme in promoting the growth of small businesses. The BES, which was launched in 1983, grants investors in the newly issued equity of most unlisted companies tax relief at their top marginal rates.

The scheme is at present being evaluated for the Government by the accountancy firm Peat Marwick Mitchell.

The Revenue's statistics show that in the fiscal year 1983-84, £105m was invested in 715 companies under the BES at a cost of £55m in terms of tax foregone. Of those companies, 514 had been set up in the last five years and 366 were in their first year of existence.

About 60 per cent of the investors had incomes of over £30,000 a year and 45 per cent were liable to tax at the top marginal rate of 60 per cent. Most of the wealthier investors preferred to place their money through approved funds in which the managers select a portfolio of companies, while most of the less wealthy invested directly in individual companies.

Companies based in south-east England absorbed 37.2 per cent of the total BES investment. By contrast, companies in the more depressed regions, the West Midlands, Wales, the north and north-west of England, Yorkshire and Northern Ireland jointly absorbed only 22 per cent of the total investment.

A breakdown by the five main industrial sectors shows that agriculture and fishing, which accounts for about 2 per cent of gross domestic product, absorbed 18.7 per cent of the total investment. The distribution trades, which account for about 10 per cent, absorbed another 16.0 per cent. Investment in farming was excluded from the BES by the 1984 budget.

The number of people employed by the companies receiving BES investment was 13,759. That figure does not include the employees of 142 companies that failed to provide statistics. But the number is likely to be small, as nearly all were newly established.

The cost of the BES is thus between £3,500 and £4,000 for each employee of the beneficiary companies, although it is likely that most would have been employed even without the tax relief.

Inland Revenue Statistics 1985, HMSO, £10.50.

Jaguar's output rises 15%

JAGUAR, the luxury car group, lifted output this year to a record 38,500 cars, a 15 per cent increase on the 33,437 built in 1984, Kenneth Gooding writes.

The company expects production to improve by at least another 10 per cent in 1986.

Over half this year's production, roughly 20,000 cars, was exported to the US, Jaguar's main export market, which accounted for about 18,000 last year.

There was also substantial growth in the key continental European market, West Germany – the home of Jaguar's leading rivals, Daimler-Benz (the Mercedes group) and BMW. The UK company sold about 2,500 cars this year in West Germany compared with 1,938 in 1984, a 29 per cent rise.

The 1985 output included 30,550 XJ saloons and 7,950 XJS sports cars, the latter 31 per cent improvement on last year's level of 6,070.

Jaguar said yesterday that demand for XJ saloons remained strong. Even if it did decide – as expected by the industry – to launch the replacement, codenamed the XJ40, towards the end of 1986, output might still be expected to rise strongly.

A pilot facility for the XJ40 has been set up, which could assemble "a few hundred a week" and the two present saloon assembly lines could be switched over to production of the new model one at a time. That would create little disturbance to output.

Ferry dispute at Dover set to continue

By David Thomas

HOPES faded yesterday of an early settlement to the dispute which has disrupted Townsend Thoresen's ferry services from Dover for more than 10 days.

A mass meeting of the 2,000 seamen involved in the dispute decided to put the matter in the hands of the national officials of the National Union of Seamen (NUS). Although this does not rule out a local settlement to the dispute, involvement of the national officials will inevitably cause delay.

The Dover seamen also decided to ask for an early meeting of the union's national ferry port committee to seek support from other Townsend Thoresen ferry workers at Felixstowe in Suffolk, Portsmouth and Cairnryan, Scotland.

This could mean asking other Townsend Thoresen ferry workers to take industrial action.

The company said yesterday that it was happy to talk to anyone from the union, but that there was no sign that its ferries would be sailing from Dover in the immediate future.

The dispute arose over arrangements for enlarged services. A 72-hour strike was followed by a refusal by the management to resume services unless the union agreed that there would be no further disruption, which the union is interpreting as a lock-out.

Sale of Hino trucks to restart in Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE controversial scheme by which Hino trucks, produced by Japan's major heavy commercial vehicle group, are sold in the UK is to be given a new lease of life and the trucks relaunched after a two-year hiatus.

The importer sold more than 350 Hino vehicles between 1980 and the middle of 1983 when the UK Government introduced "type approval" (technical and safety) tests for heavy trucks for the first time and brought sales to a halt.

The importer, HCV Motor Vehicle Distributors, has now gained approval for two models and a third should be approved by March 1986.

Mr Liam O'Neill, managing director of HCV, says he hopes sales in 1986 will reach about 125 trucks and he intends to rebuild the Hino dealer network back again to the 16 it reached in 1983. Only six dealers remain at the moment, providing service for the Hino trucks on UK roads.

HCV, based at Warrington New Town in north-west England, also cut its staff from 35 to nine because of the interruption to sales but numbers will be restored by March 1986, Mr O'Neill says.

The Hino import scheme has always been controversial because some critics suggest it breaks the spirit of the agreement between the Japanese and UK motor industries which apparently prevents Japanese trucks over 3.5 tonnes gross weight being exported to Britain. However, the vehicles sold by HCV are assembled in Ireland from Japanese kits by J. Harris (Assemblers) based near Dublin.

That enables the trucks to escape the usual 22 per cent European Community import tariff on the grounds that their assembly creates employment in Ireland.

Mr O'Neill, a former sales director of Harris, says the Irish company has 600 Hino vehicles in stock for sale in Ireland, Northern Ireland and the UK mainland.

HCV's best customer, D.H. Jones of Wrexham, which has a fleet of 50 Hinos, has already placed an order for 31 more over the next two years now that the vehicles are available again.

The arrangement between Hino and Harris dates back to 1969. In 1984 Hino, which is strongly linked with Toyota, Japan's leading car producer, made 60,844 trucks.

That compares with the 15,000 produced by Bedford in Britain, for example, and the 76,000 trucks over six tonnes gross weight manufactured by Daimler-Benz, the Mercedes group of West Germany, the world's major heavy vehicle company.

Gilts growth forecast to follow pensions reform

FINANCIAL TIMES REPORTER

GOVERNMENT attempts to encourage the growth of private sector pension funds are likely to lead to a rise in gilt holdings and a further increase in the importance of institutional investors, according to the London Stock Exchange.

The stock exchange's views on the impact of government plans to reform the UK pension system are contained in a report published yesterday. It was written before the recent publication of the White Paper (policy statement) on the reform of social security, which stepped back from the abolition of the state earnings-related pension scheme (Serps), which the Government had earlier suggested.

The scheme is to be retained but substantially curtailed and wide-ranging changes will be made to liberate the personal pensions market, allowing greater competition and choice.

The stock exchange report comments: "Partial abolition (of Serps), or other reforms leading to a greater use of private sector funds, would be likely to lead to a rise in gilt holdings and a further increase in the importance of institutional investors, although this latter development would be accompanied by a greater diversity of institutional investors and, of course, a much greater number of pension fund managers."

The Effects on the Stock Market of Changes in the UK Pension System. Stock Exchange, Old Broad Street, London EC2N 1HP.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Not easily made in Wales

Hard cheese, they all said

Andrew Murray describes his battle with officialdom to extend his dairying activities

I HAVE to admit it: I have become a cheese bore. The odd thing is that I don't particularly like the stuff but I spend a lot of time thinking about it, often aloud. My friends believe I am worried about actually making it — turning the curd and larding the rind. Not a bit of it: I know people who are much better at that than I will ever be. What I am thinking about is the institutions that seem to stand between me and my wish to produce cheese on my small Welsh dairy farm.

It all started about 2½ years ago. The newspapers then were full of the "milk question" in the Common Market (or, alternatively, they were full of unemployment statistics). Well, I am a milk farmer, and it rather worried me that nobody wanted the beautiful, creamy liquid that was taken away every morning in a Milk Marketing Board tanker.

I had a bit of money tucked away, so it occurred to me that I might turn the milk into something people wanted. I invested some time and dashed around Britain looking at what other people did with milk. I visited yoghurt factories, ice cream dairies, cheese dairies and bottling plants.

At one of the cheese dairies, I struck lucky. It was a small place with an atmosphere of cheerful bustle. The boss was courteous. To my anxious questions about money he gave straight, rather optimistic answers. It was obvious that cheese-making was not going to be the start of a tycoon's career, but it seemed to make a small profit if the product was good. The boss did not mind that I might compete with him. "We cannot make enough of the stuff," he said.

I determined there and then that cheese was what I wanted to do. The boss extended his hospitality to lunch. "Your problem is going to be the Milk Marketing Board," he said. "You will need a cheese contract from them. Why don't you go to the Nantwich show next week? That's a big event for cheese-makers. There is bound to be someone there from the board. I wish you luck with them."

The cheese tent at Nantwich was splendid, with huge smelly cheeses and enthusiasts awarding each other red, blue and green rosettes with gold writing inscribed. The Milk Board was represented by a girl, pretty but evasive. "You will have to write to us officially," she said. "My boss will deal with it. We don't have any objection to people making cheese with their own milk you know."

I had been warned of this ploy by my friend at the cheese dairy. People ignorant of the farming world might be surprised to know that all milk has to be bought and sold through the Milk Board, by law. The board sells the milk to itself and others at a price that changes according to what people are going to do with the stuff. One price to bottlers, so that you can have fresh milk in your coffee, another to yoghurt-makers, and so on. The lowest price is to makers of hard cheese, which was what I wanted to do.

So, I wrote officially to the board. I made endless attempts to contact the girl's boss. In the end, an appointment was made for lunch. I drove to the leafy London suburb where the board's headquarters looms over the village green like a giant toad. The girl and her boss gave me a delicious lunch, accompanied by alcohol of many different hues and smells.

After lunch came the hard out. "We will never allow you to make hard cheese in West Wales," he said. "You cannot have a cheese contract. We are short of milk in that area."

"But all your milk goes to make butter which goes into the Common Market stores and is then sold cheaply to the Russians," I said.

"Yes. But the Common Market has set the milk-for-butter price higher than the milk-for-cheese price. So if we sold you the milk, other milk producers would lose out."

"But the board makes cheese itself," I pointed out. "And sells our milk to itself at the same price I would be willing to pay. You cannot forbid me to do something that you do yourself. There cannot be one law for you and another for me."

I harped on this point for the next month, as I sent off letters (and occasionally got an answer). I made friends with the librarian at the board and she would send me copies of Acts of Parliament, Statutory Instruments and EEC Directives. I used these to add spikes to my complaints. In the end, I got an appointment with the young man's boss—the Big Cheese, as my wife called him.

It is a five-hour drive from the farm to the leafy suburb and the atmosphere of comfortable intrigue at the board's headquarters (as well as being a million miles from the desperate fight against nature that is farming). I arrived there expectant and angry. It had been almost nine months since I first had the idea of making cheese. I was ready with threats of judicial review, writs, questions in parliament. The Big Cheese was courtesy itself. He sat me down, gave me coffee and talked to me about the prospects for the Welsh rugby team, of which I knew little and he a lot; and the prospects for the silage season, of which I knew something and he a little. Just as my frenzy was about to burst through his polite chatter his secretary came in (as if on call) to remind him of his next appointment. As he began to usher me to the door, he said:

"The Common Market has set the milk-for-butter price higher than the milk-for-cheese price. So if we sold you back your milk, other producers would lose out"

"About the cheese contract—I am sure it will be all right."

During those long arguments with the board, I had learnt of other difficulties looming ahead. The planning authorities, the health authorities, the national park authorities, the river authorities—all seemed to present trouble. It became obvious I would need an official body to support me and the Welsh Development Agency seemed an obvious candidate. After all, it appeared to spend a lot of money advertising itself and Wales with promises of untold goodies if you started a business there.

My first contact there looked sad and defeated by his job. "If you had written from London, or Tokyo, I'd have given you a better welcome," he said. Over the next three weeks, he helped me to fill in forms and prepare figures.

One day, as the proposal was nearly ready, he offered me a prize. "Perhaps you would like to meet my boss. He will be deciding your application. And there is one thing you could do for us. There has been an article in the local paper criticising the agency. Perhaps you could write something nice about us."

So I wrote the local paper a letter contrasting happily the WDA's approach with that of the Milk Board. The next week, I was ushered into the boss's office. "Michael is a very busy man, very clever," I had been warned. Indeed, Michael looked harassed, and his desk was covered with bits of paper on which he had been doing calculations. "So you are the farmer who wants to make cheese," he said. "Nice to meet you." I was ushered out. I waited expectantly for a letter. Two months later I phoned. The friendly face at the agency said: "Michael has had some trouble at home, bear with us please." A month later he phoned. "It's no good. Yours is the largest application our office has dealt with since I've been here. I'm leaving the agency and Michael can't make any decision involving over £50,000. I'll try to do something for you if it's the last thing I do in the agency."

Two weeks later I was told my case had been passed to a Mr Baker in Swansea.

Swansea is 2½ hours' drive from the farm and Mr Baker was prepared to stretch a point and set aside a lunch. By the time I got there I was rather over-excited and drank three glasses of cider while I lectured him on the economics of cheese making. I have often thought since that it was the extra glass of cider rather than the 50 pages of figures, that cooked my goose with the WDA. But Mr Baker let me down slowly. "I have a particular interest in your case," he said. "I have had a special meeting with the Welsh Office to see if there is anything we can do for you. Perhaps if you could change your plans so that half your production was soft cheese, we could help you."

So off I rushed to my accountant to rejig the figures for soft cheese production. I knew it was mad. Although it is more profitable to produce soft cheese, which can be sold immediately, the stuff goes bad quite quickly. My farm is sometimes cut off by snow for over a week. The problems of getting a perishable product to shops around London would reduce me to a nervous wreck.

Three weeks, later, Mr Baker gave it to me straight. "It's no good. I've had another meeting with the Welsh Office and there is nothing we at the agency can do. Why don't you go straight to the Welsh Office?"

At that moment, I nearly decided to have nothing more to do with development agencies. The anxiety, the passage of time and the constant shuffling of figures seemed too much bother. But the idea of a grant had got into my head. Besides, I knew that in order to overcome problems from other official bodies, I needed someone in authority to back me.

I asked the advice of a neighbour who had the reputation of being knowledgeable about the ways of the world, and had been in politics previously. "Write straight to Nic," he said, using the Secretary of State's name in an informal manner that contrasted happily with the way civil servants referred to their master. "I will write to him, if you like, telling him that you are neither a crook nor a charlatan."

Buoyed by that, I got in touch with the Welsh Office. They seemed doubtful on the 'phone. "If the WDA have refused you I don't think we can help. However, I will send you the forms." I wrote a carefully constructed letter to the Secretary of State, pointing out that it was sensible to make cheese in an area where there were more dairy cows than people and where there were more people than jobs. Also, that most of the cost would be borne by me, and it seemed cheese was in demand. I heard nothing substantial from on high but I thought I noticed a greater degree of respect when next I contacted the Welsh Office. "You will have an answer within four weeks." I was told when, with the help of an accountant, I had completed the deceptively simple forms.

Three months later, having heard nothing, I phoned Mr Baker at the WDA in Swansea. "I don't manage to read the newspapers every day," I said. "Has the Welsh Office been bombed, or disbanded or something? I have been waiting three months for an answer to my request for a grant under Section 7 of the Industries Act."

Andrew Murray on part of his production line

"Nothing unusual. You will just have to wait like the others," Mr Baker replied. "They have been busy dealing with a directive from Whitehall." Four months after my request, I got an answer. The news was good. I would get a grant towards a proportion of the cost of building a cheese dairy.

Waving the letter triumphantly, I went to see my bank manager. I asked for an overdraft facility substantially less than the value of my farm, which I offered as collateral. I waxed enthusiastic about cheese-making and pointed to studies by professors demonstrating that the demand for farmhouse cheese was on the up-and-up. He looked sceptical. "Anyhow, Andrew, I don't want to see you change from a successful dairy farmer to a bankrupt cheese-maker," he said. I sensed from his use of my name that he had decided against it.

I went to see the area office of my bank. I pointed out that there were successful cheese farms in Somerset, although there were none in Wales with a cheese contract. The office phoned me up a day later, agreed that successful cheese dairies existed, but refused to give me an overdraft facility although it conceded that the collateral was there.

Since then, I have contacted all the clearing banks in Wales, and given lunch to more bankers than I care to remember. Some have refused to consider it, one has agreed to back me, another is making helpful remarks. I shall drive the hardest bargain that I can over interest rates, facility fees and the like. But the whole process has taken another four months.

I have had more trouble with the Milk Board. One of the conditions of the Welsh Office grant is a formal agreement to a cheese contract with the board. The board sent me a draft, in which it specified that it should sell all my cheese. I phoned my friend, the cheese-maker. "Don't touch it," he said. "We had such problems with them that I had to go to a very expensive counsel to get his opinion on whether we could sell our own cheese."

I rang the young man who had first made the prophecy that I would never get a cheese contract in Wales. "Why do you insist that I should sell all my cheese through you when other cheese-makers don't have to?"

"It's the cheese committee that insists on it," he said. "You are not a traditional cheese-maker so that, in order to safeguard the image of traditional cheese, they insisted on it."

I went back to the EEC statutes, the Act of Parliament and the rest. Three weeks later, I struck gold. It is the only good thing I have discovered about the Common Market. I was able to write to the young man quoting an EEC regulation stating that "the board shall not hinder . . . the establishment . . . of manufacturing plants." I told the board: "A cheese dairy is a manufacturing plant. Therefore, if you continue to insist that I have to sell my cheese through you, I shall take you to court."

He was on the phone within three days, the quickest response yet. "It's nothing to do with us. It's the cheese committee that insisted on the clause."

"But the cheese committee is part of the Milk Board."

"No, it is not. It is a committee of cheese-makers on which representatives of the board sit."

"Well, it is the board that is insisting on the restrictive clause and it is the board that is breaking the law.

"You must contact Mr Dixon, the committee's chairman. I will give you his phone number," the young man said.

I contacted Mr Dixon. He was non-committal. "It's nothing to do with us," he said. "It's a board matter." With the threat of legal action hanging over it, I contacted the board again and managed to get through to the Big Cheese. "It's all right about the contract," he said.

That little flurry had taken another two months.

All this began two and a-half years ago. The other day I sent out the plans for tender but, until the builders come on site, the cheese dairy remains a paper fantasy. Meanwhile, I have been thinking about Lord Young, the Government Minister with special responsibility for job creation, who is continually saying that the country has changed and that a climate for entrepreneurs had been created. If it takes all this time and nervous energy to do something so simple as pressing milk curd in Wales, I have my doubts.

Andrew Murray has been farming in Wales for nine years after working in the City as an economist.

TECHNOLOGY

EDITED BY ALAN CANE

Down at the old power house there could be the answer to one of the season's mysteries. **Alan Cane reports**

Engineers' answer to present problems

THE LOGICAL inconsistencies in Santa's despatch and distribution department sow the first seeds of doubt in little minds.

How *does* he get down the chimney of a centrally heated house? How *can* a sleigh so aerodynamically unsound traverse the winter sky? How *does* he get all those presents wrapped and labelled with the Christmas elves on strike?

Down at the old power house in Kew gardens, London, stands a machine which could go some way, perhaps, to settling their doubts on the last question.

It is an automatic sorting and packing machine and it is in the last stages of construction and testing. Soon it will be dismantled and despatched to Andre de Brett, the direct mail order house struggling back to

'All the parcels are floppy; there is nothing to get hold of'

economic health after two years of poor results.

The company made a profit this year largely as a result of an increased efficiency drive rather than better trading conditions: with no upturn expected, the new machine is expected to play a significant part in Andre de Bretts continuing battle to cut costs.

Most large mailing houses use automation to some extent —the Post Office, for example, has highly sophisticated letter and parcel sorting and handling machinery, but Andre de Brett's problem was different and difficult.

It posts out a bewildering variety of sizes and kinds of parcel containing everything from books or lacy undergarments to complete outfits. And the parcels are all soft. Mr Peter Bentley, an engineer with Grosvenor Reeve, the company which built the packaging machine, said: "They are all floppy. Nothing is rigid, there is nothing to hold on to."

At present, Andre de Brett uses an army of women to package its goods. The women stack the individual items for despatch in pigeonholes just like those in a postal sorting office. Others take the items out of the pigeonholes, transfer them to baskets and eventually to individual envelopes.

The women are amazingly dextrous but the whole process is labour-intensive and costly.

Andre de Brett learned from an article in the Financial Times (this page, February 4, 1982) that Grosvenor Reeve had created a packaging machine for Clothkits, the mail-order kit clothes company, and commissioned the company to solve its packaging problem.

Roger Taylor

Work in progress on the packing machine at Grosvenor Reeve's factory

The result is a massive machine the looks of which may owe something to Heath Robinson, but the design incorporates a host of clever engineering wrinkles.

Grosvenor Reeve is based in mechanical engineering but it has a multidisciplinary approach to its designs. Its packaging machine is, in fact, a large automated pigeonhole complex where computers keep track of everything that is going on and where every item has been assigned.

Dinosaur-sized, it also has multiple brains—five single chip microprocessors which monitor the operation of all moving parts and hold a "logical map" of all the items for packaging.

The daily workload—orders to be filled—is transmitted to the control computer of the machine from the company's mainframe at the start of the day.

All the items have computer-readable numbers on their packaging and a human operator is needed to feed this information into the system using a hand-held bar code reader. From that point the machine takes over.

The soft packs are gripped by giant "clothespegs" and transferred to a high speed belt where they sit in steel boxes. The belt, which can generate acceleration forces of twice gravity, is a composite of the massively strong synthetic fibre Kevlar and plastics material.

In the centre of the machine sits the "wardrobe," a complex of storage spaces on two levels. The belt with the items in their boxes roars up and down the wardrobe looking for convenient places to store the items, the computers keeping track all the time of what is where and for whom.

On the other side of the wardrobe a similar belt moves at high speed taking out items and distributing them to a series of chutes. Four orders at a time can be filled.

Human intervention is needed at the ends of the shutes, where the items for each order are collected and sealed into padded sacks for postage. The address labels and all the necessary documentation are, in the meantime, being printed by the machine.

The Grosvenor Reeve packaging machine can turn out a complete parcel once every three seconds — more than 1,000 an hour.

Mr Bentley says the chief engineering challenge was the sheer size and complexity of such a machine.

The engineering detail is fascinating. The position of the conveyor belt relative to the wardrobe is clearly critical for accurate pick and placing. Grosvenor Reeve used induction proximity switches in conjunction with the metal bolt

The belt position is critical and is recalibrated every 150mm

heads on the belt assembly to recalibrate the belt position every 150 mm.

The machine will cost Andre de Brett about £100,000.

Of course, Grosvenor Reeve has yet to tackle the problem of projecting Santas down non-existing chimneys or generating adequate lift from deer power to fly a sleigh round the world but given its track record, it might just do it.

Catch the party without missing the film

Video & Film

By JOHN CHITTOCK

WHATEVER POWER TV programme schedulers and disputing ITV technicians exercise this Christmas, it is considerably diminished now that 45 per cent of TV households in Britain have a video cassette recorder. Christmas has become the season of time-shifting on television: a period of peace and goodwill where once family strife would rage over the channel change button.

There will be, however, some unexpected disasters. The cocktail sipping guest—who confidently tells his host "right now, my vcr is recording Gandhi"—may be in for a shock if the cassette he is using is that awful pre-recorded movie Aunt Matilda bought him last Christmas. Most pre-recorded cassettes will not re-record unless a simple modification is first made to the plastic container.

The side of the cassette which faces outwards when loaded into the vcr has a small aperture in the bottom left-hand corner of the moulding on new blank cassettes, this opening incorporates a plastic tab. In order to avoid the risk of accidental erasure, pre-recorded cassettes normally have had the tab broken off—because without it, the vcr will not function in the "record" mode.

Lesson one this Christmas is to check that the tab is there before setting up an automatic recording. If the tab is missing a piece of adhesive tape stuck over the aperture will do the trick.

That same awful movie from last Christmas also ought to be rewound if it has lain unused for 12 months. Tapes which stand idle for long periods may not unwind evenly on their first re-use, causing minor quality losses.

The party-goer whose faith in automatic recording remains undaunted should also remember that many TV programmes may start a few minutes later than scheduled—so that if the vcr has a timer which pre-sets the duration of recording, at least five minutes extra should be added to the required duration for safety.

Assuming, however, that satisfactory recordings have been made there is still plenty else that can go wrong or spoil the quality on playback. Excessive humidity, for example, can cause a safety switch to trip in the vcr—perhaps more of a potential problem in Bombay than Battersea.

Pre-recorded cassettes hired in for Christmas may not give the same results as home recordings if the head tracking alignment on the vcr is slightly out of adjustment. This is easily rectified by trial and error with the tracking control on the VCR (usually located in a recessed row of subsidiary controls and sockets, sometimes cunningly hidden under a hinged flap of which many owners are totally unaware).

Some television receivers incorporate not only an aerial socket (into which the vcr is usually plugged) but also a "video" input socket. If such a facility is available, it will generally yield better quality results because the output from the vcr then by-passes the aerial tuning circuits of the TV set—avoiding unnecessary signal processing.

Such connections will generally require, however, a different type of plug—so it is wise to check this before the shops close over Christmas. No matter whether a direct video connection is possible or not, the cable between vcr and television set should be as short as possible so that the low signal currents are not unduly attenuated.

In an installation where off-air TV reception is already poor, long connecting cables will not help—and a cause of poor quality can be sometimes traced to faulty contact between plug and socket.

When a vcr is connected directly to the aerial socket of the TV set (also known as the RF socket—short for radio frequency because it is a tunable circuit), the vcr is effectively acting like a TV transmitter. This means that its output, like that of any television station, is tuned to a specific frequency and in consequence, the channel selected on the TV set must be accurately tuned to pick up this signal.

Sometimes this tuning procedure goes adrift—perhaps through the agency of tiny juvenile fingers—and an occasional check may yield an improvement in picture quality.

For perfectionists, there may be still room for improvement through the adjustment of the television set itself. Modern TV sets yield remarkably good picture quality—and sensibly keep the colour and tonal controls less accessible—but many sets are giving less than their best because of incorrect adjustment.

For those confident enough to investigate, the procedure should begin by turning down the colour control so as to yield a black-and-white picture; the contrast and brightness of this picture can be then more easily judged—if it is flat and weak, the remedy may be not simply to turn up the contrast but also to turn down the brightness. Some experiments with the interaction of these two controls can often lead to much better quality. Then—and only then—should the colour be restored; but with restraint (most viewers err to over-saturated colour).

Faced with near perfect viewing conditions, one extra-ordinary problem still remains for the avid hirer and buyer of pre-recorded tapes. It was highlighted for me ten days ago by one distinguished, retired executive of the Financial Times: "Why don't the BBC release some of those marvellous David Attenborough programmes?"

The answer is that they do—and much more besides. Indeed, non-fiction material generally poses fewer problems for the distributors because it is less likely to be encumbered with copyright and other legal problems. But like unsliced wholemeal bread in supermarkets, such products get pushed off the video shelves in favour of fast-turnover fodder for the masses.

The moral is clear. Today's vcr owner must be tenacious in searching for programmes, keep his wits about him when using the equipment, never be complacent about quality on the screen, and far from being a passive viewer can indeed enjoy a relatively active life.

Mobile water purifier

SMALL, MOBILE systems to disinfect water supplies are on sale from Cogen Environmental, part of the Legal and General insurance group. The machines could be especially useful in helping countries hit by natural disasters such as earthquakes to produce safe supplies of drinking water.

In the device, developed for Cogen by International Research and Development of Newcastle upon Tyne, (part of the NEI group), brine is circulated through an electrolytic cell.

The electrolysis produces sodium hypochlorite, a source of chlorine which acts as a disinfectant. One mobile system can produce 200 grams of chlorine a day.

Cogen says the device could have many uses, not only in providing drinking water in the developing world.

Other applications could be in chlorinating water sources thought to be contaminated by harmful organisms, in hotels and hospitals for instance; in preventing marine fouling in heat exchangers located at sea; and in cleaning out habitats for fish and other marine creatures in zoos.

Telecoms update for Boeing

BOEING PLANS to spend $100m on modernising its telecommunications systems in Washington, Kansas, Virginia and Pennsylvania. Much of the expenditure will be for electronic exchanges from AT & T.

The system to be administered by Boeing Computer Services, is scheduled for completion in early 1988.

Acquiring new digital switching systems is part of Boeing's plan to move towards an integrated digital services network that is consistent with international standards.

DEC 24-JAN 2

ARTS GUIDE

Music

LONDON

The D'Oyly Carte performing Gilbert & Sullivan's The Pirates of Penzance. Barbican Hall (Mon). (6288891).

Peter Frankl, piano, Gyorgy Pauk, violin, and Ralph Kirschbaum, cello. Start of Beethoven Trio cycle. Elizabeth Hall (Thur). (9283191).

London Symphony Orchestra, conductor James Paul, Augustin Dumay, violin: Borodin, Tchaikovsky, Rimsky-Korsakov. Barbican Hall (Thur). (6288891).

NETHERLANDS

Amsterdam, Nieuwe Kerk: New Year's candlelit concert with Max van Egmond, baritone; and Gustav Leonhardt and Bernard Winsemius, organ (Wed).

Rotterdam, De Doelen: Concert by the *Rotterdam Opera Choir and soloists* under Piet Struijk (Wed, Thur). Recital Hall, Munich Baryton Trio. Haydn (Mon). (142911).

VIENNA

Otto Schenk and the Philharmonia Schrammeln. Konzerthaus Mozart Saal (721211). (Fri, Sat, Sun).

Vienna Philharmonic Orchestra New Year's Eve Concert conducted by Lorin Maazel. Musikverein (658190). (Tues).

Vienna Hofburg Orchestra New Year Concert conducted by Gert Hofbauer, with Nobukko Nezu, Elisabeth Kalles, Mirjana Irosch, soprano; Kurt Schreibmayer, tenor; Rudolf Wasserlof, baritone; Manfred Geyrhalter, violin. Lehar, Stolz, Johann Strauss, Kalman. Konzerthaus. (Tues, Wed matinees).

Vienna Symphony Orchestra New Year Concert conducted by Georges Prêtre with Ana Pusar, soprano; Margareta Hintermeier, alto; Josef Protschka, tenor; Ferruccio Furlanetto, bass. Beethoven's 9th symphony. Konzerthaus. (Tues, Wed).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Klaus Tennstedt conducting, Ute Vinzing soprano: All-Wagner programme (Tue, Thur). Lincoln Center (8742424).

WASHINGTON

A Night in Old Vienna (Concert Hall): Alexander Schneider & Friends continue a Washington New Year's Eve Tradition with music by Schubert, Mendelssohn and Viennese waltzes (Tue 9 pm). Kennedy Center (2543776).

TOKYO

Beethoven's Choral Symphony No. 9: a Japanese end-of-year musical tradition. For weekend performances, see local English daily newspapers for details.

Strauss, Vienna New Year Concerts; another Japanese institution. For details, see local English press.

Days mentioned in the music column refer to the week of Dec 27-Jan 2.

Exhibitions

PARIS

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (2615410) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (2651273).

Old and new: State acquisitions over the last five years. The 240 exhibits range from an Egyptian pleureuse dating from 1800 BC to contemporary artists and comprise paintings, sculpture, pieces of furniture and objects d'art. Among the chef-d'œuvres there is Vermeer's Astronomer, Frans Hals' Jester Playing The Lute as well as works by Manet, Monet and Seurat. Lucas Cranach's Melancholy comes from a provincial museum. Grand Palais. Ends Feb 3 (42603926)

WEST GERMANY

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

Bremen, Kunsthalle am Wall 207: Klee drawings and paperworks from 1921 to 1933. Ends Jan 3.

Düsseldorf, Kunsthalle Grabbeplatz Joel Shapiro: First stop for an exhibition covering 80 abstract sculptures and paintings by the American artist in the last nine years. Ends Jan 19.

Essen, Museum Folkwang, Goethestrasse 41: To honour the German painter Lovis Corinth on the 60th anniversary of his death, the exhibition contains 96 paintings and 40 graphic illustrations. Ends Jan 12.

Berlin, Bauhaus-Archiv, Kingelhöferstrasse 14: Walter Gropius, "The Architect and Designer." An exhibition of paintings, constructions, designs and furniture by Gropius. Ends Feb 2.

ITALY

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Between the Mediterranean and the Far East in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibition explores the movement of goods (incense, myrrh, silk and spices) to Italy from the east from the 8th century BC to the Middle Ages. Clear and informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more at school outings than tourists and that a lot of the information could have been got just as well from a good book. Ends Jan 5.

Venice: Museo Correr (Ala Napoleonica): Folon: Over 200 works by the celebrated Belgian artist, among them 120 watercolours originally as illustrations to Apollinaire, Prevert, Boris Vian and others. A perverse but gentle painter with a seductive use of colour. Includes delightful watercolours of Venice. Ends Jan 19.

Rome, Castel Sant'angelo: Art And The Banks: A remarkable exhibition of the masterpieces in the collections of Italian banks, previously hidden from the public. On show are treasures such as Bellini's Crucifixion and Filippo Lippi's Virgin and Child. The modern art section includes two sculptures by Manzu, and paintings by Morandi, Severini, Sironi, Carra' and Donghi. Ends Jan 5.

Rome: Galleria Nazionale d'arte Moderna: 'Back to Tradition': A look at official taste in the 1920s and 1930s under Fascist rule. The acquisitions made by the State (taken out of the cellars for this exhibition) are seen alongside the works of such established artists as De Chirico, Sironi, Severini, Funi and Donghi. Until January 5.

Milan: Palazzo Reale and Palazzo Bagatti Valsecchi: Edvard Munch (1863-1944): A large retrospective show by the Norwegian forerunner of the expressionists. An extraordinary conveyor of pain and anguish. Most of the paintings are from the Munch Museum in Oslo. Until March 12.

Calcografia, (Via della Stamperia 6): Valadier the Architect (1762-1839): Drawings and engravings by the prolific architect and town-planner displayed in the Institute of which he was director for more than 53 years. On show are his plans for Piazza del Popolo and the Flaminia area and for the restoration of the Arco di Tito, and drawings of the numerous churches, Palazzi and entire areas of Rome designed by him (such as the Campo Marzio). Particularly charming are a series of 11 delicate pen and wash drawings, not more than two inches square: "Vedute Fantastiche" – imaginary streets, palaces and state settings. Until January 15.

SPAIN

Madrid, Repetitive Structures. 22 works by 21 artists on loan from Ludwig Museum in Cologne, among them, Andre, Judd, Lewitt and Morris engaged in the Minimal movement and Andy Warhol, Lichtenstein und Dine in the Pop Art. Interesting mix of styles and trends. Fundacion Juan March, Castello 77. Ends Feb 16.

Madrid, 100 Masterpieces of Portugal. First of its kind from neighbouring country gives a good retrospective of Portugal's works produced between 12th century and today. On loan from museums, churches, palaces and foundations like the Gulbenkian. Centro Cultural Conde Duque, Conde Duque 9-11. Ends Jan 12.

VIENNA

Kandinsky In Paris 1934-1944: An extensive collection of oil paintings, gouaches, watercolours and photographs from the last 10 years of Kandinsky's life, organised by the Guggenheim Museum, New York. It shows the culmination of his development as pioneer of abstract art, his earlier dramatic exuberance giving way to a more refined style with softer pastels and monochrome colours, but the dynamism remains. In sections on Black Backgrounds and Concrete Art Kandinsky's works are brilliantly complemented by those of Klee, Mondrian, Arp, Miro and Picasso, showing his influence on a generation of European abstract artists. *20th Century Museum. Ends Jan 26.*

George Grosz, The Berlin Years (1912-1933): A collection of caricatures of life in Weimar Germany from the First World War to Nazism. Mr Grosz, a committed socialist and celebrated draughtsman, produced powerful caricatures of establishment figures from the church, the Government and the financial world who are portrayed as brutal, pompous and stupid, amid vaguely threatening scenes of urban decay. His images may shock but his stark and realistic style conveys a powerful impression of a turbulent period in Germany's history. At the Twentieth Century Museum until January 21, 1986.

NEW YORK

Guggenheim Museum: 55 major sculptors of the 20th century, including Giacometti, Nevelson, and Johns, are part of the theme Transformations In Sculpture, meant to cover pop art, minimalism and Arte Povera, among other movements of the past 40 years. Ends Feb 16.

Pierpont Morgan Library: 200 British photographs from the Victoria & Albert Museum cover Fox Talbot to Julia Margaret Cameron and Lewis Carroll among the earliest practitioners in the years from 1839 to 1900. 36th St & Madison Av. Ends Feb 2.

WASHINGTON

National Gallery: The Treasure Houses of Britain collects 700 objects from 200 stately homes in a show mounted and decorated to look like the quintessential stately home, with paintings by Holbein, Rubens, Van Dyck, Hogarth and Turner among many others, as well as Chippendale furniture, Meissen and Sèvres porcelain and tapestry, jewellery and armour. Ends Mar 9.

National Museum of American Art: 73 works of New Zealand Maori artists show the mixture of religious, symbolic and artistic traditions in feather capes, ceramic vessels, carved and painted gourds and woven hangings using native materials. Ends March 9. Renwick Gallery.

Theatre

WASHINGTON

Aren't We All (Opera House): The play is nothing compared with the performances of Rex Harrison and Claudette Colbert, who cavort delightfully in an old-fashioned drawing-room comedy now making its rounds across America. Ends Jan 5. (2543770).

A Seagull (Eisenhower): Colleen Dewhurst stars in Peter Sellars' latest production for the American National Theater, which is bound to be imaginative and untraditional in a tradition Sellars is establishing on his own. Ends Jan 11. (2543670).

In Regard of Flight (Kreeger): Bill Irwin's theatrical spoof shows off the mime's talent in confronting a man-eating stage curtain and a disappearing shoe on the quest of a new theatrical genre. Ends Jan 12. Arena Stage (4883300).

TOKYO

A Christmas Carol: Dickens' story performed in English by Tokyo's only professional English Theatre company, Albion-za, at their new studio theatre. Albion-za Studio. Ebisu. (4433903).

Uchu Johatsu (Evaporation of Space), the Yume no Yumin-sha company directed by Hideki Noda. One of Japan's most popular avant-garde troupes and cult figures, their hyper-energetic style and fantastical illogical plots have won wide support from the young, but leave adults baffled. Hodan Theatre, Shimokitazawa district. (2379990; 9806666).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (8367611).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production has arrived in the West End, if anything improved by the new casting of Lulu as Miss Adelaide and the notably well sung black Sky Masterson of Clarke Peters. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

Gigi (Lyric): Unconvincing stage revival of Lerner and Loewe's film follow-up to My Fair Lady. Beryl Reid rising inimitably above the material, Jean-Pierre Aumont and Sian Phillips lending more conventional support. John Dexter directs, Jocelyn Herbert designs. (437 3686).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (7341166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (7344287).

Camille (Comedy): Pam Gems's rewrite gives *Marguerite Gautier* a child for whose future security she exchanges her own frail health and love. Don Daniels's studio RSC production does not transfer that well, but Frances Barber is an actress to watch. More coughing on stage than in the stalls, for a change. (930 2578).

PARIS

Julius Caesar: Hollywood-style production, using the latest sound and lighting technology, in which Robert Hossein miraculously preserves Shakespeare's eternal truths. Palais des Sports. (48 28 4090).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Opera and Ballet

WEST GERMANY

Berlin, Deutsche Oper: Fidelio, a Jean Pierre-Ponnelle production, has Lisbeth Balslev and Rene Kollo in the lead roles. Zar und Zimmermann starts Wolfgang Brendel, Gudrun Siever and Peter Maus. Also this week performances of Hänsel und Gretel and Orpheus in the Underworld.

Frankfurt, Opera: Tosca, sung in Italian, features Galina Savova and Seppo Ruohonen. Falstaff has *Louis Quilico* in the title role. Ruth Berghaus' production of Das Rheingold brings together Manfred Schenk, Gail Gilmore, Bruce Martin and Cornelia Berger.

ITALY

Milan: Teatro alla Scala: A completely Japanese production of Puccini's Madame Butterfly, directed by Keita Asari. Scenery by Ikiro Takada and costumes by Hanae Mori. With Yasuko Hayaschi and Peter Dvorsky Pinkerton. Lorin Maazel conducts. (Fri, Tue). (809126).

Rome: Teatro dell'Opera: Donizetti's Elisir d'Amore conducted by Thomas Fulton with Luciana Serra, Antonio Savastano, Simone Alaimo and Alessandro Corbelli. (Fri, Sun, Thurs) (461755).

Florence: Teatro Communale: Giselle danced alternatively by Carla Fracci with George Jancu and Sylvia Giullem with Patrick Dupond on Friday. The Ballet Théâtre Français de Nancy (Sat, Sun, Mon, Tues). (2779236).

NETHERLANDS

Utrecht, Stadsschouwburg: A new Netherlands Opera production of Turandot with Cristina Deutekom in the title role. Directed by Dieter Bülter-Marell, with the Netherlands Philharmonic and choirs conducted by Christian Badea, and dancers from the National Ballet. (Wed). (716867).

Amsterdam, Stadsschouwburg: The National Ballet with Sleeping Beauty, choreographed by Peter Wright after Pepita. Leads danced by Caroline Iura and Wim Broeckx (Mon). (310241).

VIENNA

Staatsoper: Korngold's "Die Tote Stadt", conducted by Hollreiser with Armstrong, Gonda, Steinsky, Hintermeier (Fri, Thur); Die Zauberflöte conducted by Guschlbauer with Nador, Mathis, Sonnenschein, Yachmi, Gall, Sima and the Vienna Boys Choir (Sat); The Marriage of Figaro conducted by P. Schneider with Janowitz, Wise, Nafe, Lilova, Gyldenfeldt (Sun); R. Strauss' Salome conducted by Hollreiser with Jones, Hesse, Slania, Zednik, Van Damm, F. Waechter, Gahmlich, Nitsche, Wendler, Evangelides, Marzola, Wimberger, Maly, Sramek, Burgstaller, Christian, Pikal (Mon); Die Fledermaus conducted by A. Fischer with Popp, Fassbänder, Gruberova, Goettling, Weikl, Kunz, Winkler, Helm, Wendler, Schenk (Tue); and with Ghazarian, Fassbänder, Gruberova, Goettling, Weikl, Holecek, Winkler, Tichy, Wendler, Schenk (Wed). (5324/2655).

NEW YORK

New York City Ballet (NY State Theater): *Lavish costumes by Karinska and scenery by Rouben Ter-Arutunian are featured in the annual Nutcracker performances, ending January 5. Lincoln Center (870 5570).*

Metropolitan Opera (Opera House): The week features Lohengrin conducted by James Levine with Eva Marton, along with Satie's ballet Parade, Poulenc's Le Mammeeles de Tiresias and Ravel's L'Enfant et le Sortileges, in an evening called Parade. The week includes the last performances this season of Jean-Pierre Ponnelle's Le Nozze di Figaro conducted by James Levine with Kathleen Battle as Susanna and Ruggero Raimondi as Figaro. Lincoln Center (362 6000).

WASHINGTON

Washington Opera (Terrace): A month-long supplementary Kennedy Center season features alternation in repertory of Daughter of the Regiment and Christopher Columbus. Ends Feb 2. Kennedy Center (422 8700).

CHICAGO

Lyric Opera (Civic Opera House): The 31st season includes Otello starring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Antonello Madau Diaz, along with Madame Butterfly with Anna Tomowa Sintow in the title role, conducted by Miguel Gomez-Martinez, as well as Samson, Anna Bolena, La Traviata, I Capuleti et I Montecchi, Die Meistersinger and La Rondine. (332 2244).

TOKYO

Min Tanaka (Butoh): One of Japan most interesting solo dancers. Plan B. Performance Space, Nakano (Mon, Tue) followed by traditional Japanese new year celebrations to which the audience is invited (3842051).

LONDON

Royal Opera, Covent Garden: Le nozze di Figaro, an ageing Royal Opera production, is brought to fresh life by an attractive cast of newcomers to their roles – Jonathan Summers, Yvonne Kenny, Anne Sophie von Otter, Anna Tomova-Sintov – and by Colin Davis's loving conducting. (240 1066).

Royal Court Theatre: Opera Factory, which last year began operations in partnership with the London Sinfonietta, opens another London season at Sloane Square with a revival of David Freeman's coarsely jokey modernized version of Cavalli's La Calisto, originally seen during 1984, the company's first year of existence.

Days mentioned in the opera and ballet column refer to the week of Dec 27-Jan 2.

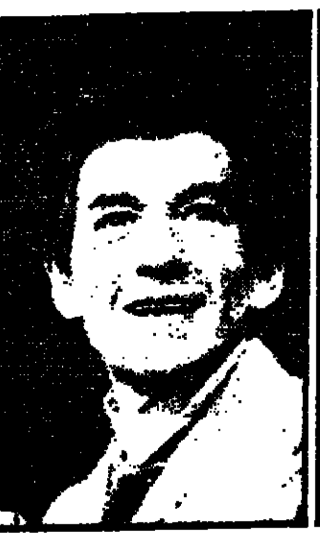
THE ARTS

Ian McDiarmid

Eleanor Bron

Jonathan Pryce and Vanessa Redgrave

Anthony Hopkins



Ian McKellen

Kathryn Pogson

Maggie Smith

National pride in a year of novel adaptations

The Theatre in 1985/Michael Coveney

The imminent abolition of the Greater London Council and of the major metropolitan councils, all of which institutions supplement central funding by the Arts Council, posed a serious threat this year to our national theatre. As well as to our National Theatre. But in the middle of November the new arts minister, Richard Luce, who quietly succeeded Lord Gowrie (who had seemed to flourish in the post) secured for the Arts Council an "inflation-proof" increase of £3m, an extra £4m for the proclaimed "decentralisation" strategy, as well as £25m "abolition" money to make some good towards loss of funds from the metropolitan councils.

Things might have been a lot worse. The National Theatre's third auditorium, the Cottesloe, was closed in April after the tumultuous success of Bill Bryden's production of *The Mysteries* in Tony Harrison's thumpingly vigorous arrangement. Sir Peter Hall blamed shortage of funds and invoked images of siege and crisis initiated by the Government and supported by the Arts Council. The subsidised sector rallied behind Sir Peter who was suddenly, in their eyes, and not before time, high-profile prophet rather than wicked uncle gobbling up funds on the South Bank.

Hall's point about the value of the Cottesloe was underlined not only by *The Mysteries*—a triumphant apotheosis of Bryden's work begun in the Theatre Upstairs 14 years ago, on a par in that respect with the RSC's *Nicholas Nickleby*—but also by the Peter Gill season of new plays sponsored by a special GLC grant in September. Gill focused for London audiences the special promise of Manchester playwright Debbie Horsfield and reactivated his own directorial muse with a brilliant version of William Faulkner's *As I Lay Dying*. On top of that, along came the Ian McKellen / Edward Petherbridge NT group, directed by Mike Alfreds, in the best English *Cherry Orchard* since Gill's at Riverside Studios.

It was a less than average year in the commercial sector but the best of the West End productions — Lauren Bacall smokily voiced and lushly authoritative in Harold Pinter's superb production of *Sweet Bird of Youth* at the Haymarket, and David Jones's classic revival of Pinter's *Old Times* starring Liv Ullman, Nicola Pagett and Michael Gambon at the same theatre—were as good as most things at the National or RSC. The point is that special projects like *The Mysteries, Nickleby* (returning in a new form to Stratford-upon-Avon this Christmas), *As I Lay Dying* and Alfreds' *Cherry Orchard* can *only* be originated in a state subsidised theatre.

The West End's special project, the £1m *Mutiny!* with David Essex and Frank Finlay, was floated at the Piccadilly on a tide of confident publicity and promptly foundered on general critical disapproval. The show survived but no drum-beating could disguise the wretchedness of its lyrics, music and book, its lack of creative energy. William Dudley's Bounty rose from the stomach of the stage, a wonderful piece of stage engineering, but a bad theatrical design which had sailors tottering around like slithering revellers at an office party.

Although *Les Miserables* divided the critics, it was an undeniably homogeneous piece of theatre work and in my view the outstanding musical of the year. In the centenary year of Hugo's death, the great novel was admirably distilled for its melodramatic and operatic virtues and the singing in the joint presentation of the RSC and a commercial producer, Cameron Mackintosh, was the best all year. Colm Wilkinson was a Jean Valjean of massive integrity, his lyrical high tenor version of the Verdian "Bring Him Home" one of the year's highlights. Patti Lupone as Fantine, Alun Armstrong as a Dickensian/Bartish Thénardier and Frances Ruffelle as Epinone, were all notable in an exciting, ambitious application of techniques and design methods evolved by the production team of *Cats* and *Nickleby*.

Fiction as theatre was food for a reanimated, recurring debate and, in a poor year for new plays—only *Pravda*, Ayckbourn's *A Chorus of Disapproval* (one of his most fiendishly enjoyable inventions, examining love and power games among amateur dramatic enthusiasts engaged on a production of *The Beggar's Opera*) and possibly *Torch Song Trilogy* made real waves—novels were plundered as spurs to new drama. Some of the results were spectacular and most far removed from literal transposition.

Shared Experience (the company founded by Mike Alfreds) imaginatively employed Glasgow Citizens director Giles Havergal and actress/writer Fidelis Morgan to produce Samuel Richardson's *Pamela*, the great 18th century epistolatory novel, as a rehearsal of a new play by an impoverished wing of a large subsidised complex. It was witty, fresh and looked anything but cheap. Sian Thomas, one of our most underrated actresses, went from this tour to the RSC's tour of *The Shrew* and *Happy End* under the direction of a most promising new director, Di Trevis.

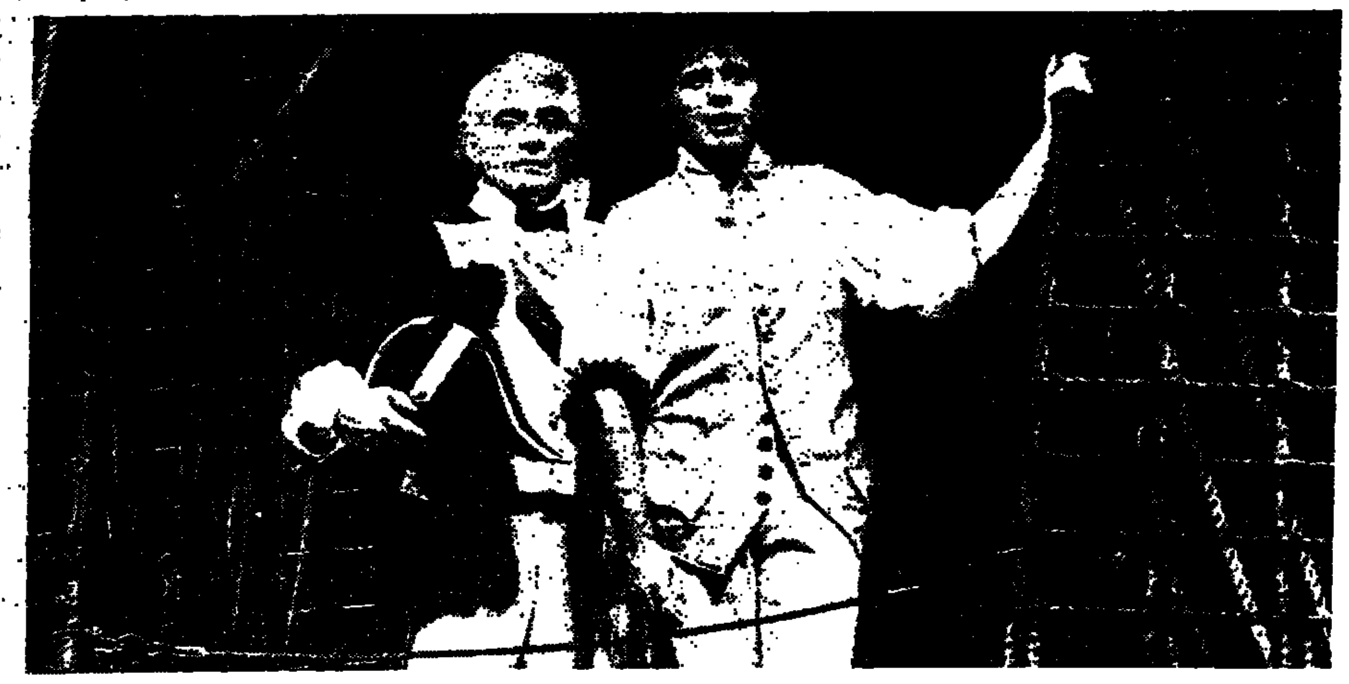
Another masterpiece, Dostoevsky's *The Possessed*, was directed at the Almeida Theatre (an indispensable and disgracefully threatened venue under Pierre Audi's leadership) by Yuri Lyubimov and it combined a fractured, nightmarish Expressionist presentation with some high-powered English performances by Michael Feast, Harriet Walter and Nigel Terry.

Lyubimov's English colleague on the adaptation was Richard Crane who made more money (I hope) but won less prestige (alas) as librettist on *Mutiny!* A different sort of adaptation all together was achieved by Christopher Hampton in his stylish, thoroughly *dramatic* version of another epistolatory classic, Laclos' *Les Liaisons Dangereuses*. This, along with *Pravda*, was my favourite show of the year, and I am afraid you may have to kill to get into the little Pit at the Barbican next month when Alan Rickman, Lindsay Duncan and the rest hit town in a comedy that is like a new-minted collaboration between Marivaux and de Sade.

Fiction helped out the rough theatre trade, too, with a spirited version by Kerry Crabbe of Flann O'Brien's *Hard Life* directed for the Tricycle in Kilburn by Mike Bradwell. The one who came a cropper in the adaptation stakes was Peter Shaffer at the National, where *Yonadab*, an everyday tale of incest, rape and revenge at the Old Testament court of King David, was a misguided leap-off from a fine Dan Jacobson novel (*The Rape of Tamar*) and rendered — never thought I'd live to see it — Alan Bates irritating as a mediator between story and audience. Wendy Morgan was a saving grace, following up strongly her widely acclaimed performance earlier in *Martine*.

David Suchet and Ben Kingsley (right)

Antony Sher in "Torch Song Trilogy"



Frank Finlay and David Essex (right) in "Mutiny!"

The National had a good year, launching its five companies under different directors with conspicuous success. Only Peter Wood's group has yet to hit its stride; *Love for Lore* was a tepid disappointment. Philip Prowse directed the first McKellen/Petherbridge show, a dark black religioso *Duchess of Malfi* with some stunning processional staging and memorable performances. McKellen was a blanched, drained Bosola, Jonathan Hyde a satanic lyeothranpic Ferdinand, Eleanor Bron the immured widow Duchess. The group's comic coupling of Stoppard's *The Real Inspector Hound* and Sheridan's *The Critic* was less happy. But all came gloriously right in *The Cherry Orchard*.

The David Hare/Richard Eyre group kicked off with *The Government Inspector* with a strenuous, nose picking central performance by Rik Mayall which left me cold but which became a hot subject for discussion among admirers and detractors. This was followed by Hare's and Brenton's *Pravda*, a richly pertinent satire in the Jonsonian style about the takeover of British institutions — notably newspapers — by entrepreneurs hungry for power and alive to the British malaise of bungling mismanagement and smug indolence.

Objections to *Pravda* arose from the comic strip treatment of its characters, as if everything had to be like Chekhov, but only in the case of the editor's token leftie wife did these hold water. The production, by Hare himself, was boundlessly vital and brilliant (with magisterial designs by Hayden Griffin) and as the South African magnate Lambert Le Roux Anthony Hopkins gave arguably the most magnetic performance in a contemporary play since Laurence Olivier's Archie Rice.

Hopkins evinced the sort of predatory attractiveness often associated with successful power-dealers and he leaned forward towards his adversaries like a swift jungle animal savouring its prey before swallowing it whole. In his Japanese-style Home Counties retreat, he hovered strangely between crack-up and crack-down in a floating nimbus of satiate wonder at how easy it was to push feebleness and irresolution aside. This was an unforgettable performance and one can only tighten one's seat belt for what Hopkins might achieve at the National over the next two years as Antony and King Lear.

Historical evil was embodied by Antony Sher in his exciting reclamation of Richard III and Sher went on, also at the RSC, to lead a jolly but finally unmemorable production by Terry Hands of Peter Barnes's Black Death comedy *Red Noses*; thence to the drag queen in search of emotional and domestic security in Harvey Fierstein's *Torch Song Trilogy*.

Otherwise the RSC in London offered brave seasons in the Pit of Edward Bond and Howard Barker. The first was an apocalyptic bore, but Barker's many admirers were rewarded with superb productions of three plays by Nick Hamm and Bill Alexander (notable designs, too, by Stewart Laing). My favourite was *Downchild*, a mystery spoof involving political and sexual corruption unravelled by a Tom Driberg-style well-placed gossip columnist irresistibly played by Ian McDiarmid. McDiarmid led the season — as indeed he did the Bond plays — with tremendous verve and was well supported by Paul Freeman, Ann Mitchell, Penny Downie, Harriet Walter (magnificent as a lesbian witch in *The Castle*) and Brian Parr.

At Stratford the RSC had a good year with Ben Kingsley and David Suchet fine in Terry Hands' *Othello* (Kingsley's was the first convincingly Moorish Moor I have seen, an incensed stickler for public propriety), a wonderful 1950s *Merry Wives of Windsor* with Janet Dale and Lindsay Duncan chewing the fat under hairdryers and Peter Jeffery resplendent as a Wing-Commander Falstaff in brogues and a canary waistcoat, and a contentious *Troilus and Cressida* set by Ralph Koltai in a crumbling Edwardian manse and Juliet Stevenson playing forcefully against the whore reputation of Cressida toying with her "honey Greek."

The Royal Court had a lively year, cementing its Joseph Papp-inspired American connection with Wallace Shawn's *Aunt Dan and Lemon* (Kathryn Pogson was the wide-eyed recipient of logical right-wing argument perpetrated by Linda Hunt) which I did not like and David Mamet's *Edmond*, a sulphurous blast of theatrical picaresque magic, which I did. Robert Holman's *The Overgrown Path* was worthy and fascinating and Timberlake Wertenbaker's *The Grace of Mary Traverse* an uneven but promising main stage debut that brought to London (fresh from RADA and the Royal Exchange, Manchester) the tall, striking and immensely gifted Janet McTeer.

Although I felt that *Torch Song Trilogy* was exposed as old-fashioned and threadbare by Sher's sympathetic naturalistic playing (in New York the author Harvey Fierstein provided a mesmerising authenticity by playing his own life story) it was unarguably a bold West End venture by Robert Fox, the young producer who proceeded to cast his brother Edward opposite the matchless Maggie Smith in Ronald Harwood's *Interpreters*, a cunningly crafted love story in the shadow of an Anglo-Soviet summit conference in which Miss Smith, playing footsie with Fox under the table, was astonished to see him calmly cross the room while his boss's temperature rose in alarm. Of Fox's *Sloane Ranger Revue* I cannot bear to speak.

Glenda Jackson returned to the Aldwych as Phedra. What with Frances de la Tour in Strindberg at Riverside, Bacall in Williams, Ullman in Pinter, Smith in Harwood, Penelope Keith in a disappointing vehicle *Dragon's Tail* and Vanessa Redgrave in Chekhov, the West End was rich in its female acting. Judi Dench was temporarily out of view. We live in an age of great actresses for whom too few new plays are written.

Redgrave played opposite Jonathan Pryce, to electrifying effect, in the Oxford Playhouse and Lyric Hammersmith collaboration, *The Seagull*. Charles Sturridge's production unearthed a new strand of Trigorin's sexual dependency on Arkadina and Redgrave spun around the Queen's Theatre stage like Rachel letting her hair down, perhaps even re-living the promise of her own youth; on this same stage 21 years ago she was a memorable Nina, a role now taken by one of her gifted dynasty-perpetrating daughters, Natasha Richardson.

Ray Cooney's Theatre of Comedy was in disarray with the sudden departures of both Mr Cooney and Thelma Holt. Chichester Festival had a ghastly *Anthony and Cleopatra* (Denis Quilley and Diana Rigg) but a rumbustious *Scarlet Pimpernel* for which (together with the ENO *Xerxes*) Nicholas Hytner was one of the year's best directors. Donald Sinden was magnificent in his old-fashioned Fred Terry element.

Frank Dunlop's Edinburgh Festival drama programme was better than its lingering reputation: Rikki Fulton's Scots Molière, *A Wee Touch of Class*, a Japanese *Macbeth* and the Jean-Louis Barrault company in Hugo's *Angelo, Tyran de Padoue* were all achievements worthy of a great international festival. The more modestly trumpeted Belfast Festival offered a stunning poetic play about Protestantism by a Donegal Catholic, Frank McGuinness, *Observe the Sons of Ulster Marching Towards the Somme* and a lively West Belfast family drama, *Minstrel Boys*, by Martin Lynch.

Elsewhere, the Glasgow Citizens maintained its extraordinary standards with Schiller's *Mary Stuart* Shaw's *Heartbreak House* (Philip Prowse's design of an exterior English scene threatened with impending war and an inverted suspended field of shimmering red poppies was remarkable even for him) and Goethe's adaptation of both parts by Robert David MacDonald: the Leicester Haymarket established supremacy in the Midlands with its joyous West End transfer of *Me and My Girl* (Robert Lindsay the new Michael Crawford with added warmth) and a lively *Macbeth* directed by Nancy Heckler (fringe veterans the People Show joining forces with Julie Walters and Bernard Hill) and an ambitious studio theatre policy, Birmingham Rep at least chipped in with an excellent *Romeo and Juliet* (two rising stars, Douglas Hodge and Tessa Peake-Jones).

The Tricycle in Kilburn, the Bush at Shepherd's Bush, the Hampstead Theatre, the Riverside Studios, the Almeida and the dear old ICA (Jan Fabre's *The Power of Theatrical Madness* — returning to the Albert Hall on February 21 for one night only — don't miss — was an exhausting and rather frightening development in the chic post avant garde territory mapped out by Robert Wilson and Pina Bausch) confirmed their value to London theatre life in these confused civil, social and theatrical times. Politicians who toy with these glories are irresponsible vandals. On the perimeter, Leon Rubin is digging himself in at the Watford Palace and Alan Strachan continues to be sensibly and intriguingly adventurous at Greenwich (Janet Suzman in Gorky's last play *Vassa* was a potentially great performance in a bold but misfired production).

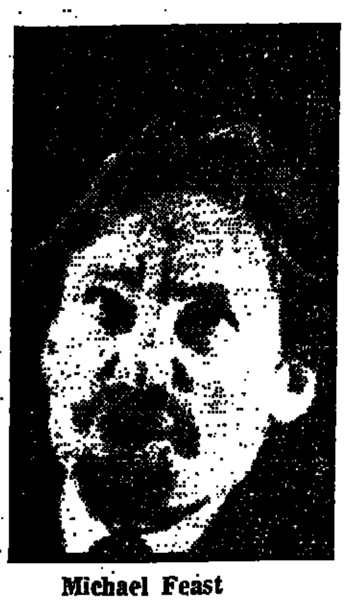
One wishes for a few more genuine fireworks at the Nottingham Playhouse, the Bristol Old Vic (which did present Shelley's *The Cenci* and Arthur Miller's *The Archbishop's Ceiling* this year), the Sheffield Crucible, the Edinburgh Lyceum and the Royal Exchange, Manchester. The regional theatre movement is in danger of weakening its claim on the Arts Council's professed interest in upgrading it at London's expense by unadventurous programming and dull-witted productions.

Finally, and in no particular order, I submit my favourite 10 shows of 1985: *Pravda* by Hare and Brenton, *Les Liaisons Dangereuses* by Hampton after Laclos, Bryden's *The Mysteries*, Alfreds' *The Cerry Orchard*, *Me and My Girl*, *Il Temporale* by Strindberg directed by Strehler in Paris, Marivaux's *La Fausse Suivante* directed by Chereau in Nanterre, *The Scarlet Pimpernel*, *Les Miserables*, *The Power of Theatrical Madness*.

● Photographs by Alastair Muir
John Haynes

Janet Suzman

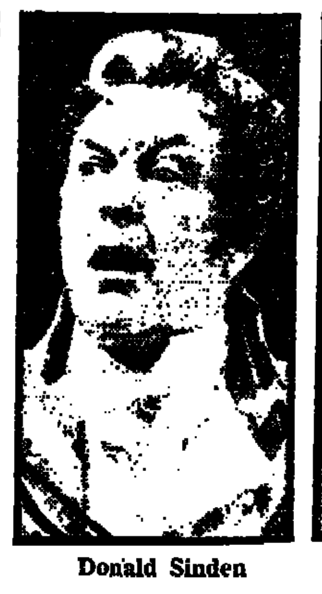
Michael Gambon



Michael Feast

Glenda Jackson

Juliet Stevenson



Donald Sinden

Janet McTeer

Lauren Bacall

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The other 15 per cent

THERE was a striking moment at the Conservative Party Conference in Blackpool this year. Mr Peter Walker, the Energy Secretary, was berating Mr Arthur Scargill for his conduct of the miners' strike. Yet the mood of the conference turned out to be against him. The strike was over: the Government won and Mr Scargill lost, but—the conference seemed to be saying—it was time to heal the wounds and to take note of the plight of the mining communities whom Mr Scargill had so misled.

That schism in the Tory Party has been apparent several times in the past few months. There was the Conservative reaction to the report of the Church of England called *Faith in the City*, which was to condemn it before having read it. Yet the findings of the Church on the inner cities are surely of some interest in a pluralist society. The Church should be encouraged to do more, not less, and if its findings are uncomfortable, that only points to general failings which need to be remedied. Parish priests, after all, must know at least as much about what is going on in their area as the local MP.

Disparities

What seems to have happened is that the Government, or part of it, has become excessively sensitive to charges of social neglect. It blusters, when it could respond perfectly reasonably by saying that, although some progress has been made, there are still some glaring gaps.

It is the concentration on the gaps that ought now to become a priority, not only for the Government, but also for society as a whole. Some of the disparities have become altogether too great to be easily tolerated: between the deprived inner city area and the affluent suburb, between the majority and ethnic communities, between the least and most developed countries.

None of it, of course, is as simple as that. Extreme affluence and extreme poverty frequently exist almost side by side. It is misleading to talk only about the north-south divide, whether in Britain or in the world at large. Some of the biggest disparities of wealth indeed are in the third world countries themselves, and it may be that the terms "third world" should be discarded. There is a fourth world and a fifth in terms of degrees of penury. Sometimes the first world and the fifth are to be found in the same country: for example, South Africa, another place where the Church has had a drubbing from the politicians.

Yet the gaps exist, even if they cannot all be easily quantified. In Britain we might pick on a figure of about 15 per cent of the population who are too far outside the mainstream of prosperity: not just the unemployed, but the old, the disabled and some of the members of the minority communities. The number is too high to be acceptable in a civilised society. But it is also low enough to be manageable and dealt with.

Determination

At least in the short term, the structural changes that have been taking place—social, industrial and economic—have probably made the problems worse. The attempt to become economically competitive had to be made, and must continue. But it is time to think more about the social and human consequences for those who have dropped out along the way.

It is possible that the national mood is beginning to move in this direction. The reaction of the Tory Party Conference to an uncharacteristically strident Mr Walker was indicative. Dr David Owen is leading a party which trades on such slogans as "toughness and tenderness" and "firmness and fairness." Mr Neil Kinnock, for the Labour Party, needs no lessons in the need to alleviate poverty. The churches have stirred, and so has the public in its reaction to the famine in Africa. In a word, there may be a re-emerging social conscience.

It should not, however, be just a Christmas message or an occasional warm response. Many of the problems of the bottom quartile can be identified. A determination to resolve them ought to be at the top of the political and social agenda. As Mr Bob Geldof put it: It should not be left to a gang of pop-singers to make points like this.

Education in decay

THE festive season finds the UK education service in a state of dejection. Its ills are so numerous as to defy comprehensive listing. They include the dispute over school teachers' pay which, having disrupted thousands of children's studies for the second successive year, appears set to fester on into a third. Continuing cuts in public funding of higher education has led the Association of University Teachers to vote for its first strikes. The same cuts bring increasingly frequent warnings from the University Grants Committee and heads of individual universities, polytechnics and colleges that their ability to operate effectively will soon be irreparably harmed. Students, whose grants for years have been getting less and less adequate to meet their living costs while studying, will be poorer still in 1986.

The dejection is the more disturbing because less than two years ago much enthusiasm was in the air following the promise by Sir Keith Joseph, Education Secretary, of "bold and ambitious" reforms.

It was not only teachers and others employed in the service whose spirits were raised when he announced in January 1984 that he intended to increase standards of achievement and procure better value for money throughout the system in his care. Many parents and employers also took the announcement as an earnest that action was at last to be taken to remedy education's obdurate problems, including the over-concentration on academic studies which leaves children whose intelligences run in other directions with little to show for 11 years of compulsory schooling.

Declining

Changes along the lines proposed by Sir Keith continue to command much popular support. Evidence lies in the welcome apparently given by most people outside the education service to the White Papers earlier this year which repeated and elaborated his original promises. But no weight of well-meant words can hide the fact that the Education Secretary's deeds have left the service declining from bad to worse.

It is true there have been some piecemeal developments, such as the introduction through the Manpower Services Commission of programmes of technical and other work-related study for children from the age of 14 onwards. Further measures are in train, including legislation to limit the job security enjoyed by universities' academic staff. But it seems clear that such measures will take a long time to have more than marginal effects.

Otherwise Sir Keith has done little to counter a growing impression that he has accepted the defeat of his ambitions for timely and thoroughgoing change. The blame is not entirely his. The Education Secretary has no effective managerial power over the self-governing universities or the schools and colleges run directly by local education authorities, which are relatively weak against the pressure of nationally organised teachers' unions. Hence the unions' ability to resist the much needed tightening of school staff's conditions of employment, and the universities' enduring power in general to maintain the status quo. Moreover, Sir Keith's colleagues in the Cabinet have vetoed his plans to reform the increasingly inadequate system of student support.

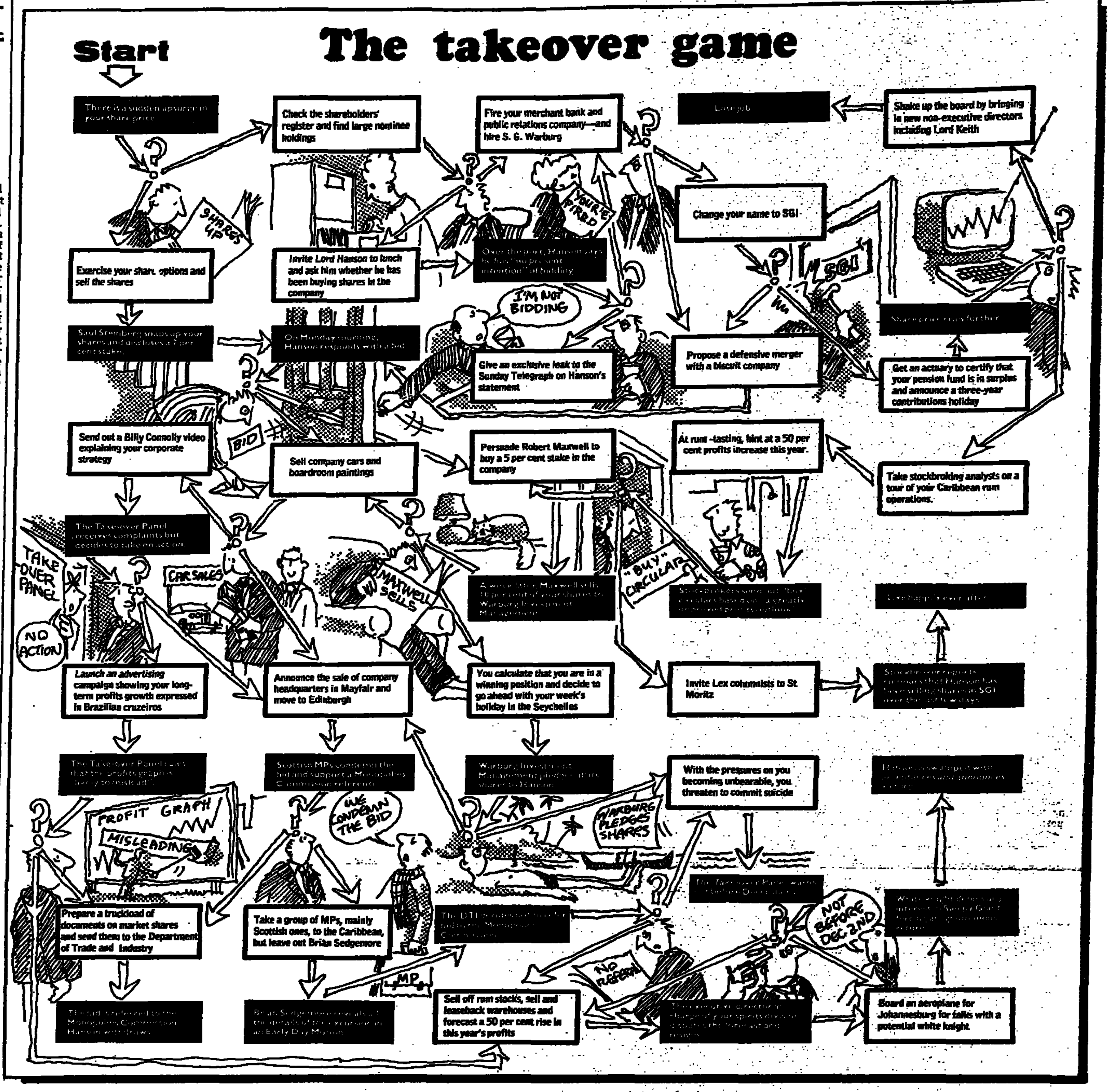
Faced by such entrenched opposition, Sir Keith appears to have decided that his only course is to be equally entrenched in his turn. He is evidently leaving the education service to stew in its own dwindling financial juice.

Technology

His hope is presumably that the service will eventually learn the lessons of its worsening circumstances and make the necessary changes of its own accord. The trouble is that it as yet shows no sign of doing so and in the meantime is becoming less and less the kind of education system needed by a country dependent on exploiting the possibilities of new technology.

The only sure means of arresting the random decay is for Sir Keith to take effective action. For instance, if he can legislate to limit university dons' job security, there seems no reason why he cannot legislate to change the job conditions of schoolteachers. At least the Government must find something more positive than suggesting that local education authorities should lock disaffected teachers out of schools.

You are the chairman and chief executive of Sleepy Giant International, a worldwide products company. In the past five years Sleepy Giant has attracted intense City criticism for the collapse in its market share of rum, the disastrous acquisition of a US soya-burger chain and the multi-million pound launch of frozen rum-flavoured crisps, which no one bought. Sleepy's share price was as somnolent as its management until rumours spread that a hostile bidder was preparing to pounce. For the first time in your 50 years in the company, you have to take important decisions (as indicated by the question marks) on which your job depends . . .



Men and Matters

Plugged in to bids and deals

Looking at the vanishing prospects of tax cuts, and the even more diluted plans for abolishing local rates, outsiders may suspect that the Government computer calculations behind those disappointments illustrate the old law—garbage in, garbage out.

However, the officials concerned seem to have as much faith as ever before in their computers, provided the machines are applied to the right problems.

Sir Terry Burns, when he is not providing economic advice for the Chancellor, beavers away at a research programme of his own. He has fed his computer with a detailed analysis of the last umpteen Cup Finals, recording exactly how long each player had control of the ball.

He is probably surpassed, however by Alex Allan, the Treasury official currently struggling to control local government spending.

After office hours, Allan's computer plays bridge. He tells me it can now execute a squeeze like a master.

Show boat

Mark Varvill is hoping to raise a head of steam to keep his pride and joy in Britain.

He is managing director of Plysolene, which owns the steam yacht Carola — a grand old lady, laying claim to being the oldest sea-going steam yacht in the world still in service.

Built in 1898 she is still one of the most beautiful vessels afloat. Around the waters of the Solent her white hull, and tall yellow funnel puffing smoke as she burns one hundredweight of grade two household coal an hour, have been a familiar sight for several years past.

Plysolene, which is in the marine industry and makes zinc anodes for hull protection, is keen to keep her in British waters.

Sold abroad she might make £300,000. Varvill is prepared to sell her for half the market value to one of the maritime museums, or to a trust. He feels that the Clyde would be the right place for her to return to for a long retirement.

Discussing his offer he ends on a brisk business note: "This would be my one and only contribution to Britain's heritage."

Precious Creek

Bill James's stamp is unmistakable on the surprise C$615m purchase last week by the Toronto-based mining group Falconbridge, of the Canadian zinc, copper and silver producer Kidd Creek Mines.

Since becoming Falconbridge's president four years ago James, now also chairman and chief executive officer, has transformed the nickel mining group from a stodgy money-loser into an efficient and profitable concern.

His economy drive included turning the former chairman's spacious suite into offices for seven people.

Falconbridge's cash hoard of C$300m helped finance the acquisition of Kidd Creek, which has attractive modern mines and metallurgical plant in Northern Ontario.

James, aged 56, an energetic and outspoken man, seldom shies away from a challenge. When, at the annual meeting this year, he was confronted by churchmen over Falconbridge's investments in South Africa he went on the attack. He bluntly accused the Anglican church of paying its black workers in South Africa less than Falconbridge does.

By getting his hands on Kidd Creek he seems to have outflanked his former employers, the troubled mining and forest products group Noranda.

Earlier this year Noranda made a move for Kidd Creek by buying a minority interest in its parent company at the time, Canada Development Corporation.

"I think the kids have twigged I'm not really Father Christmas—they're phoning the Fraud Squad."

Selling time

What about an exclusive Swatch for Christmas? It sounds like a contradiction in terms since more than 10m of the mass-produced plastic watches, spearheading the Swiss watchmaking industry's counter-attack on the Japanese, have been sold over the past two years.

But the marketing flair of the team behind the Swatch has managed to resolve the apparent contradiction.

Specially for the season they have made 75,000 diamond-studded Swatches for sale through a limited number of outlets under the slogan of "Limelight—the Swatch way to say I love you at Christmas."

The Limelight Swatch is for the woman who has everything, says Christoph Keigel, the regional marketing manager. It is a standard black Swatch with a black dial and strap. In the larger version it has four tiny diamonds at 12 o'clock, and a sapphire at 3 o'clock.

In Switzerland it sells at SFr 200 (£66) in a numbered package compared with SFr 50 for the ordinary Swatch.

Dealers in the US have taken 50,0000 Limelights and the rest have been placed in Europe, Canada, and Australia. The Swiss have already snapped up most of the 4,000 allocated to the home market.

The Swatch team feels it has brought off a coup. "It shows we are selling a philosophy, not a cheap plastic product. It adds a touch of exclusivity," says Keigel.

It will also irritate the makers of Switzerland's real luxury watches who, looking down their noses at the brash marketing tactics of the Swatch team, have accused them of demeaning the image of Swiss watches.

Spaghetti Scots

Calls keep on coming in response to the FT feature on the Scotticsh Mafia.

Peter de Vink, Edinburgh-based financier, says he should have been included. His reason: "I may not be powerful," says the Dutch-born money man, "but I am a mover and shaker."

Ian Dalziel, former MEP for the Lothians, and one of the co-founders of the new Edinburgh retail bank Adam and Co, lays no claim to either moving or shaking. But he presses his candidature nevertheless.

Clearly the Scottish Mafia has a cachet which escapes its lawless Italian parent.

Free translation

Trendy Americans, says an acquaintance who moves in their circles, no longer ask if you are free for a meeting. The current buzz-words are: "Do you have a window in your time frame?"

Observer

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12¼%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12¼%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
§ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
‖ Demand dep. 8%. Mortgage 13%.

CHRISTMAS IN GERMANY, 1945

Promise amid the devastation

By Rupert Cornwell in Bonn

SOMEHOW and despite everything, it was still Christmas. Those who had their own roof over their heads, were fortunate, those who had something to warm themselves with were luckier still. Rarest of all was a family which had survived the previous six years *intact*.

True, the traditional Christmas street markets were functioning amid the rubble of the towns. But there was little, if anything to buy—still less to give as a present. A lump of fat, a few pieces of coal, a pair of shoes which fitted were inestimable treasures.

"I remember two things," the novelist Heinrich Boell wrote about his devastated native Cologne: "The dust and above all the immeasurable silence. Only the fact that it wasn't total made it tolerable. During those utterly quiet nights a stone would break loose or a gable collapse in a ruined building. But we had survived, and we were beginning to live again."

And that indeed was the real miracle of that first post-war Christmas in Germany. Less than eight months before, the Third Reich had been conclusively destroyed, the greatest moral and military disaster in German history. The country had no flag, no Government, no national anthem, no self-respect: only chaos.

Germany faced a *schreckliche Kaiserlose Zeit*, "a terrible period without an Emperor,"—only that there were four emperors, all of them foreign, who controlled everything. Rationing the currency, the law, the post, the media—all were administered by the British, the French, the Americans and the Russians in their separate zones.

These structures, however, seemed likely to prove no match for the tide of refugees from the East. Between 1945 and 1947 12m Germans were uprooted from their homes in the "lost territories" in Poland and Russia, the greatest forced migration in European history. Some 2m of them died en route. Then there were the displaced persons in Germany itself. Since May 1.7m people had been repatriated from the British zone alone, but at Christmas 450,000 were still in Assembly Centres, waiting to be processed.

If possible though, food and coal were greater and more frightening problems. British administrators were already warning of the "battle of winter" back in September 1945. Their zone presented the biggest difficulties of all, with its dense population, shattered industries and cities, and relative lack of farmland.

By December coal production in the Ruhr had risen to an annual rate of 60m tonnes, compared with just 4m at war's end. But this was far less than in 1939, and a transport system laid waste by the fighting made it often impossible to get the precious fuel where it was most needed.

And how could the native population be fed? The worst harvest in a quarter of a century had seen 20 per cent of crops in the comparatively agricultural region around Hanover lost. Average daily calorie intake at the end of 1945 was barely 1,000 for many people: yet that autumn the British had privately warned that 1,550 calories per day were "the minimum needed for forestall economic and social collapse. In comparison the British wartime diet had averaged 2,800 calories.

A woman amongst the rubble of Berlin

The inadequacy of communications meant that food conditions varied hugely. The rural South was best off. "At Munich Zoo," Tom Agoston, a correspondent in Germany then, remembers, "anyone with one Reichsmark could buy a loaf of broad to feed the elephants." In Essen in the Ruhr, a loaf was worth its weight in banknotes.

Indeed, in great swathes of Germany the still official Nazi currency had all but lost its value. Reichsmarks were required to pay taxes, buy tram tickets and collect the meagre weekly rations; for the rest there was generally nothing to buy.

By that Christmas "barter shops" sanctioned by the occupiers had sprung up throughout the British zone, usually in cellars and basements which had escaped the bombing. There, amid much bureaucracy, a German housewife could swap the old shirts of a dead or missing husband for a desperately needed pair of shoes or winter coat for her child. Beyond that came improvisation or the ubiquitous black market.

Luxuries of normal times were ludicrously devalued. A Persian carpet might fetch 100 lbs of potatoes (of which the official ration was 2 lbs a week), a grand piano a second hand suit. British or American cigarettes could secure anything, from food to love. In Berlin, 100 cigarette butts were worth $5, and a new trade, of the *Kippensammler* or "cigarette end collector," appeared.

'It is a strange sensation to wander amid the ruin and rubble of once great buildings and come upon wild beasts roaring—rather like the fulfilment of some curse in the Bible.'

Ivor Montague, correspondent of the Daily Worker, on a visit to the Berlin Zoo in December 1945.

Yet amid this desolation, Christmas 1945 was a moment of relative happiness. In the first place, the worst was (or seemed to be) over. Twelve months earlier, Hitler had diverted precious transport to bring Christmas trees to Germany's darkened cities.

But that could not dispel the sense of imminent catastrophe. Christmas in Germany is at the best of times more reflective and sentimental, less boisterous than in England. By December 1944, despite the Ardennes offensive, few did not realise that the war was effectively lost. Russian artillery lit up the skies of Eastern Prussia: the Americans used a spell of clear weather to send in 3,000 bombers on *Heiliger Abend*, Christmas Eve itself.

A year later, Germans were figures lost in a desolate landscape. But they were starting to rediscover older, long forbidden pleasures, like foreign films, books and freedom itself. This time it was the British who distributed 300,000 Christmas trees in Hamburg, the biggest city in their zone. In Lower Saxony, each child under six received a special Christmas treat of 400 grams (¼ lb) of sweets, requiring in all 600 tonnes of sugar.

The theatre was stirring again. Makeshift cabarets would perform in basements; the British Military Zone review of December 22 1945 noted proudly that in Hamburg "3,000 musicians, artists and actors will perform in cinemas, factories, schools and railway waiting rooms." Not much perhaps, but enough to distract attention briefly from the pangs of an empty stomach.

Today, Mr Gerhard Stoltenberg is Finance Minister of West Germany. But he remembers that first peacetime Christmas well. "I was called up in 1944 when I was 15. When the capitulation came I was still only 16 and could go back to my parents' house in Bad Oldesloe near Hamburg without being held a prisoner of war.

"It was a lovely peaceful Christmas, even though living conditions were frugal and the house a bit damaged. Rations were very meagre, but my mother had friends and relations, and they saw to it that we had a Christmas roast and a few pastry cakes. The basic things of life meant so much more then."

The Stoltenbergs admittedly were fortunate: the entire family had survived the war. But his recollection of the mood is common to most: "People were above all thankful that it was over. We were anxious for the future—there were still no political prospects for a divided, occupied Germany. But we had the basic freedoms back."

Out in the east of the former Reich, on the other hand, a civilisation was coming to an end. By December the flight west of millions of Germans from East Prussia, Silesia and Pomerania was in full spate. Those who stayed faced the constant threat of rape or pillage by Poles and Russians, not least out of revenge for atrocities wreaked on them by Hitler's invaders in the years before. *They were conscious too* that this might be the last Christmas in lands inhabited by their families for centuries.

Count Hans von Lehndorff spent the time as a doctor in the small village of Grasnitz (now Grazymy in north-eastern Poland). He remembers selling a velvet dress belonging to a cousin to secure 500 zlotys to buy a bottle of cooking oil — another priceless commodity in 1945.

On Christmas Day itself, he visited people left in the village. "Everyone had had their husbands, their half grown sons, often their daughters taken off. And even though there was nothing left to steal, we were still raided by Russians passing through. They would use long pointed rods to hunt for valuables they thought had been buried: we tried to trick them by burying empty tin boxes in the ground."

On other winter days he would take long walks across the snow-covered woods, veering off the paths to the banks of the lakes scattered among them. "We couldn't get enough of those walks; we knew that every extra day there was a reprieve."

But if that ancestral Germany was dying, life, with whatever labours and uncertainties, was gradually restarting in the West. Suspected, even hated, the Germans might be: but the original post-war non-fraternisation edict imposed by the US had long since crumbled before the pitiful reality of a vanquished land—and the knowledge that a handful of cigarettes could buy the favours of the prettiest *fraulein*.

Elderly people helping with the rebuilding of Berlin

Helped by their conquerors, the Germans were beginning to rebuild their country with the scant means *to hand. The first* were the *Trummerfrauen*, the "rubble ladies" who gathered usable bricks from the debris. In Kiel, the naval base which was 92 per cent destroyed, 7,000 houses had been restored by December 1945: the British meanwhile had put former soldiers of the *Wehrmacht* to work, to build "hutments" for a further 10.000 people.

Essen too, home of the Krupps and the former "armoury of the Reich" was another city regaining life of a kind. At Christmas, a visitor recorded that the rubble "had been cleared from the streets to the verge of the ruins," and detected "a new sense of purpose." By Christmas 1,000 civil and military phone lines had been installed, all monitored by the British occupiers. Before the war, though, Essen had *21,000 telephone* subscribers.

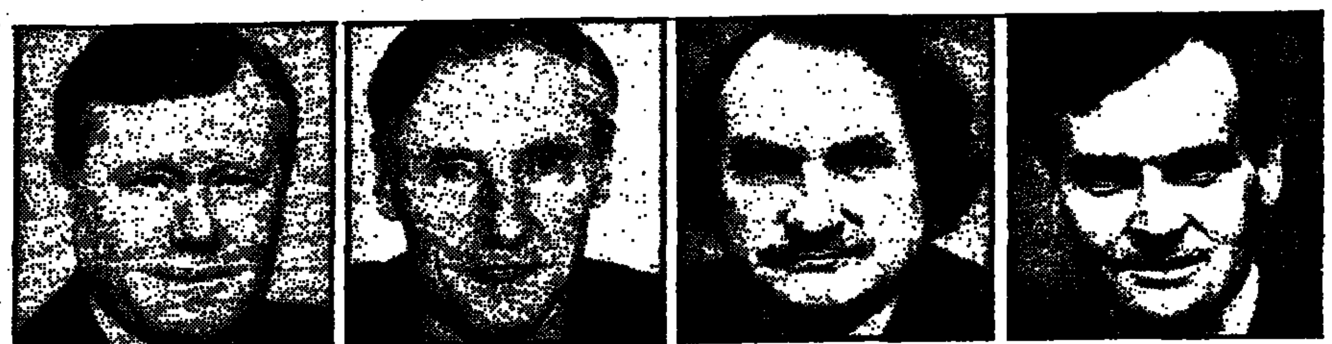
But the packed trams, and the trains jammed with people seeking to obtain goods, above all food, they had heard was available elsewhere could not conceal the huge shortages of key materials. Industry was operating at an estimated 5 to 7 per cent of pre-war capacity. Neither love nor money could procure banal but vital items like nails or sewing needles.

Fertilisers and glass were also in terribly short supply. A shopkeeper in Hamburg (what did he have to sell?) was sent to prison for 60 days for repairing his shop window with glass. Every square metre of the stuff was needed for restoring homes, in which people might live five to a room.

Even so, a building firm was advertising that Christmas about its so called *Schnellbauweise*, or "quick building method," whereby a foreman and five unskilled workers using rubble from bombed out buildings could put up a one-storey house with four rooms and a kitchen in just seven days.

A small sign perhaps, given the devastation on all sides. Nor could the Germans foresee that, stripped of their initial relief that war was over, the winters of 1946 and 1947 would be much worse, and the hopelessness far greater. But for all its hardship that Christmas of 1945 was an early clue to another, later, miracle: that within three decades a truncated West Germany would again be what the Reich was in 1939—the most powerful economy in Europe.

Businessmen's holiday reading



Some of the readers: Sir Derrick Holden-Brown (left), Sir Adrian Cadbury, Sir John Harvey-Jones, Sir Christopher Hogg

Choosing a book at bedtime . . .

By Charles Batchelor

PERHAPS the most honest answer came anonymously from the chairman of one of Britain's biggest companies. He had, he said, been tempted to concoct an impressive but bogus top ten list for our "what are you reading over the holidays?" survey. In the end, he admitted that he is too busy to read for pleasure.

Fortunately, not everyone is so hard pressed. Indeed, many senior executives consider a good read at bedtime an essential soporific. One hour's reading a night is, says Stanley Kalms, chairman of Dixons, the electrical retailer, "mandatory."

Sir Christopher Hogg, chairman of Courtaulds, the chemicals and textile giant, admitted to midnight reads when unable to sleep. But Simon Hornby, chairman of W H Smith, the booksellers, was the only executive polled who reads books in the morning.

Despite the pressures of work few of our business leaders fail to finish books. Either they choose well or the determination which took them to the top is applied to their reading habits too.

What influences these men in their choice of a book? Wives frequently play an important role. Lord Boardman, chairman of National Westminster Bank, and Sir Derrick Holden-Brown, chairman of Allied Lyons, both rely heavily on their wives' choices.

Sir Christopher Hogg admits to being "sparked off" by other people's enthusiasm's for particular books. Others find inspiration from readings on the radio, foreign travel and reviews in newspapers and magazines.

The short lists of the proliferating literary prizes are also attractive to some, although Sir Christopher says he prefers classics. "The fact that a book is current I rate low."

For Michael Caine, chairman of Booker McConnell, the agricultural and food distribution group, which sponsors the Booker Prize, late autumn is a time for reading or half-reading all the short-listed books: an exercise which combines pleasure and duty.

Some chairmen, like Sir John Harvey-Jones of ICI, and the NatWest's Lord Boardman often snatch their reading from an airport bookstall. Others have a favourite bookshop. Michael Caine nominates Dillon's University Bookshop in Bloomsbury while Sir Adrian Cadbury, chairman of Cadbury-Schweppes, favours Heywood Hill in Mayfair.

So what is on those top people's bedside tables?

Sir Derrick Holden-Brown should have been reading his current list on a holiday in Crete planned for last September. The audacious £1.8bn takeover bid from the much smaller elders group of Australia intervened.

He is currently enjoying Wilbur Smith's "The Leopard hunts in darkness" *for its blend* of fact and fiction in an African setting. He was so impressed with Max Hasting's "Overlord: D-Day and the Battle for Normandy" that he bought several copies for friends. "As a naval man I was interested to see what happened ashore," he explains.

The Normandy landings are also the subject of "Tank!" by Ken Tout, which Lord Boardman has just completed. He particularly enjoyed following the operations of his former regiment, the Northants Yeomanry.

He is just starting Sir John Colville's political memoirs "The Fringes of Power: Downing Street Diaries 1939 to 1955," but says he also likes to relax with a light thriller, such as something by Dick Francis.

Stanley Kalms likes to draw parallels between business and the world of politics as portrayed in the biographies and autobiographies of famous politicians. Planned Christmas reading includes "The Kennedy Clan" by John H. Davis and Seymour Hersh's "Kissinger in the Nixon White House."

Unlike Mr Kalms, Simon Hornby says he mainly reads novels. He is busy with the recently reprinted "Testament," R. C. Hutchinson's tale set in Russia at the time of the Revolution. Francis King's latest anthology of short stories "One is a Wanderer" is set aside for Christmas while Mr Hornby's love of gardening will be catered for by Fred Whitsey's "Gardening Calendar."

Sir John Harvey-Jones has been reading "Mexico Set" the second book in Len Deighton's "Game, Set and Match" trilogy and, by way of contrast, "Awakening Earth: Our Next Evolutionary Leap" by Peter Russell.

Scientific themes also interest Sir Christopher Hogg. He has been reading "The Eighth Day of Creation," a study of advances in molecular biology by the US author Horace Judson, who is also a personal friend. Sir Christopher refuses to waste time on "pulp novels and thrillers."

A two-week trip to China in October prompted the reading of a series of books on the country. Among the titles were "Red Star over China" an account written in the 1930s of *Mao Tse Tung and The Long* March, by veteran American journalist Edgar Snow.

It was a trip to Turkey which prompted Michael Caine to read Lord Kinross's biography of Ataturk, the founder of modern Turkey. Biography also features in Mr Caine's Christmas list in the form of Alec Guinness's recent book "Blessings in Disguise."

Mr Caine is half-way through Stars and Bars, William Boyd's *comic novel about the* experiences of a bungling Englishman sent to deal with a wealthy but vulgar art collector in the American Deep South.

Another recent novel, Peter Ackroyd's "Hawksmoor," a Gothic thriller set in 18th and 20th century London, has featured in the reading of Sir Adrian Cadbury. That and O beloved kids." Rudyard Kipling's letters to his children edited by Elliott L. Gilbert, and *Another Self the autobiography* of James Lees-Milne, the author and former adviser on historic buildings to the National Trust.

The books waiting to be read at the bedside of Sir Peter Walters, chairman of British Petroleum, reflect his three main non-business interests. Sailing is catered for by "Cruising Coastline and Beyond" by Colin Jarmaw, gardening by Peter Beales's "Classic Roses" *and the military life of* "The Oxford Book of Military Anecdotes," edited by Max Hastings.

An avid reader of Clive James's autobiographies Sir Peter now plans to read his latest work of fiction. "Brilliant Creatures." Mr Paul Girolami, newly appointed chairman of Glaxo, the pharmaceuticals group, prefers historical and biographical works. He has just completed "Dr Willis *in Japan*," *a biography of the* late 19th century British medical pioneer, written by Sir Hugh Cortazzi, a former British ambassador to Japan.

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FINANCIAL TIMES

Tuesday December 24 1985

MidCon launches defence against hostile bid

By Terry Dodsworth in New York

MIDCON, the US oil pipeline group, hit back at the hostile bid from a consortium of two smaller companies yesterday with a sweeping defensive manoeuvre involving a higher-valued stock swap and a "poison pill" anti-takeover device.

Rejecting the offer as "unfair" and "totally illusory," the MidCon board said it was providing shareholders who wished to sell their shares with an opportunity to dispose of at least some of them at a "price" substantially above that offered by WB Partners."

The WB partnership, made up of Wagner & Brown and Freeport-McMoRan, two Southern energy groups, offered $62.50 a share, or $2.7bn, for MidCon last week.

Financing will be in the form of high-yield paper – often referred to as "junk bonds" – of the type that might become restricted if new proposals made by the Federal Reserve Board come into effect.

In its response, MidCon is proposing to exchange up to 10m shares, or up to 24 per cent of its common stock, for a package of cash and securities which it values at a total of $75 a share. The cash element will amount to $50 a share, *and will be accompanied with $10* principal amount of 12¾ per cent senior subordinated notes, and $15 in an adjustable-rate convertible cumulative preferred stock, which will carry an initial dividend of 10¾ per cent.

At the same time, MidCon moved to make itself less vulnerable to takeover by attaching convenants to the new preferred stock. They will prohibit mergers if certain debt-to-capital and earnings-to-fixed charges are not met, and will contain a provision allowing the shares to be converted into the surviving company's equity at a substantial discount – a poison pill device *aimed at diluting* the equity of the survivor.

Mr O. C. Davis, MidCon chairman, said the exchange offer was "just the first step" in the company's efforts to protect shareholders. The consortium offer, he added, followed MidCon's successful offer for United Energy Resources, which had developed the group into the country's leading pipeline company, and "we do not intend to allow these values to be realised by persons other than our shareholders."

In early trading yesterday, MidCon shares fell by $¼ to $61¾, apparently reflecting doubts that WB Partners would be able to conclude the deal successfully.

Stock market reports, Page 26

Belgium raises interest rates to defend franc

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM and Luxembourg together will have a surplus on the current account of the balance of payments of around BFr 25bn ($488m) this year, compared with a deficit in 1984 of BFr 8bn, the National Bank of Belgium, announced.

The announcement was clearly designed to reassure the foreign-exchange markets. The Belgian franc has been under pressure and the central bank has been forced to intervene to hold it within its European Monetary System divergence limit.

Responding to that pressure, the National Bank has lifted its discount rate to 9.75 per cent from 8.75 per cent and its short-term lending rate to 10.25 per cent from 9 per cent. The rates became effective yesterday.

The National Bank promised that rates would be reduced again as soon as tensions on the foreign exchanges subsided.

The National Bank is seeking to convey that, although the fall of the dollar, the *firmess of the D-Mark* and the efforts to maintain the stability of the French franc are causing problems for the Belgian franc, the economy is in relatively good shape.

The equilibrium achieved on the current account last year was the first since 1976 for the Belgo-Luxembourg Economic Union, and the surplus this year is the continuation of a trend that has been evident since 1981. Then, economic performance was at its nadir, and the deficit accounted for the equivalent of 4.5 per cent of GNP.

The authorities also noted that Treasury borrowing abroad this year *had been confined to BFr* 6.2bn, compared with BFr 167.3bn in 1984, hinting at official financial rectitude.

The main factor behind the improvement in the current-account balance *is that Belgian goods have* been more competitive on export markets. But in recent months there have been signs that the fillip given by a franc devaluation in 1982 and a series of measures to hold down internal costs is starting to fade.

Export prices, in relation to those of competitors, fell by 1.2 per cent in 1984 but they are estimated to have risen again against other exporters, by 0.2 per cent this year and are expected to rise by 3.5 per cent in 1986.

The key problem for economists is that Belgian competitiveness in *wage costs has deteriorated sharply* against West Germany.

Noranda plans to sell London metal trader Rudolf Wolff

BY ANDREW GOWERS IN LONDON AND BERNARD SIMON IN TORONTO

NORANDA, the financially troubled Canadian mining group, is trying to raise between C$50m and C$100m ($35m–$70m) from the proposed sale of its London trading *subsidiary Rudolf Wolff.*

Wolff, which trades in metals, energy and financial futures, is one of the companies hit by the continuing international tin crisis. But both it and Noranda said yesterday that the proposed sale was not connected with the troubles of the tin market.

In a statement agreed with Noranda, Wolff said the move was consistent with Noranda's asset-disposal programme, in which it is aiming to reduce its debt by C$1bn by the middle of next year.

Mr Adam Zimmerman, Noranda's president, said the company was *talking to several parties about* the sale of Wolff and that it hoped to realise between C$50m and C$100m from the deal.

However, Wolff executives said a full negotiation with a prospective buyer was not imminent.

Rumours have been circulating for some time on the London Metal Exchange, of which Wolff is a founding member, that Noranda was interested in selling its trading subsidiary. At least one other trading company is believed to have looked at the possibility of acquiring it earlier this year.

Explaining the proposed sale yesterday, Wolff and Noranda pointed to the trading company's recent diversification away from its traditional dependence on metals towards dealing in energy and financial futures.

"Noranda and Rudolf Wolff have concluded that in order to build on these developments Rudolf Wolff would more appropriately form part of a financially oriented group," the statement said.

Wolff, founded in 1866, employs some 450 people worldwide, has capital of £28m ($40m) and net worth of about £33m, not including its US affiliate, which is separately owned by Noranda. In 1984 the group made a pre-tax profit of £2.5m on net commission income of £16m. Mr Francis Holford, chairman of Rudolf Wolff, said that group profits would be at least maintained this year.

Although Mr Zimmerman said Noranda's bid to sell Wolff was "not a fire sale or a runaway," it is bound to be seen in Canada as part of what is becoming an increasingly urgent asset disposal programme. Earlier this year, it sold its 31 per cent holding in Placer Development, a Vancouver-based gold and base metals producer, for C$334m, as well as a 49 per cent stake in Pamour Porcupine mines, an Ontario gold producer, for C$34m.

But its hopes of raising a further substantial sum through the sale of the Canadian Hunter oil and gas company may have been dented by oil price uncertainties.

Decision time for Cominco, Page 11

Britannia takeover battle flares

BY DAVID LASCELLES IN LONDON

THE 50-DAY-OLD takeover battle between Guinness Peat Group and Britannia Arrow reached a new pitch yesterday as both sides appealed to the UK Takeover Panel for clarification of the code amid acrimonious denunciations of each others' tactics.

Meanwhile, Mr Robert Maxwell, the publisher of Mirror Group Newspapers, who leads a concert party that holds 17.7 per cent of Britannia, was believed to have added to the stake yesterday, raising further speculation about his intentions.

The argument centred on whether GPG could raise its offer, having previously said it was final. Last night Mr John Walker-Haworth, director general of the Takeover Panel, supported GPG's contention that that could not be allowed.

In a day of rapid developments, Britannia *issued a forceful rejection* of GPG's £284m bid, pointing out that the recent decline in GPG's share price had reduced the value of its stock offer to £268m. Mr Geoffrey Rippon, the chairman, told shareholders: "It is clear that GPG simply cannot afford to pay a realistic price for your company. Its offer is demonstrably too low."

GPG then issued a statement flatly denying speculation that it intended to raise its offer. "The offer is final, will not be raised, and is open to January 3 1986," it said.

Britannia's financial advisers, Lazards and Henry Ansbacher, had been suggesting that exceptional provisions of the code might permit Guinness Peat to agree an improved price with Mr Maxwell, which would then be offered to all the other Britannia shareholders.

Mr Alastair Morton, GPG's chief executive, who is being advised by Morgan Grenfell, denounced that as "a professional foul." After further consultations with the Takeover Panel, the Britannia side withdrew that contention.

Britannia shares closed yesterday up 1p at 141p, and GPG shares were unchanged at 69p.

P&O pays £36m for stake in European Ferries

By Andrew Fisher in London

PENINSULAR and Oriental Steam Navigation (P&O) has paid £36m ($51m) for a large minority holding in European Ferries, the cross-Channel ferry and property company, in a move that might lead to an eventual bid worth around £300m.

It already owns 13 per cent of Ocean Transport and Trading, and many analysts have been expecting a bid by P&O for Ocean, which has wide non-shipping interests.

The latest deal gives P&O control of 20.8 per cent of European Ferries' shares through the pur*chase of 50.01 per cent of Noramco,* a company owned by two Canadian directors of the ferry company, Mr John Dick and Mr Williams Pauls.

The Canadians, involved in European Ferries' US property activities, will retain the minority stake in the shareholding company. They approached P&O some weeks ago, although European Ferries had first option on their shares.

Sir Jeffrey Sterling, chairman of P&O, has been invited to join the European Ferries board. He described the new shareholding as a "strategic trade investment," but in the face of City speculation of a possible full bid, he refused to com*ment further.*

The share purchase was a "logical move," he said last night. For a "smallish amount of money," P&O was extending its shipping, transport and property interests.

European Ferries is one of three companies with which P&O's name has been linked as a possible predator, the others being Ocean and Associated British Ports, owner of Southampton Docks. P&O has no stake in ABP.

P&O left the cross-Channel market in January by selling its loss-making fleet to European Ferries (owner of the Townsend Thoresen ferry line) for £12.5m, but its road *haulage fleet is a big ferry user.*

European Ferries has ordered two "jumbo" ferries – twice the size of present cross-Channel ships – for £35m each. The company said their cheapness of operation would threaten the economics of a fixed link, although both European Ferries and P&O have been asked to join fixed-link groups.

P&O is a partner in North Sea Ferries with Nedlloyd of the Netherlands and has ordered a £40m ship for that service. It also has large cruise and container ship interests, the latter through a holding in Overseas Containers, in which Ocean is also a shareholder.

The deal with European Ferries comes at the end of a year that has seen P&O sell the Channel interests: merge with Sterling Guarantee Trust, the property company also headed by Sir Jeffrey; and disclose its Ocean stake, then 8 per cent, in April.

P&O pre-tax profits for calendar 1985 are estimated by analysts at around £120m, against £90m previously. European Ferries is expected to make around £50m (£45m). P&O also has construction, banking, and Australian industrial interests, while European Ferries owns the UK container terminal at Felixstowe in Suffolk.

The price paid for the European Ferries's shares was equivalent to around 125p each. That compares with yesterday's closing level of 139p, down 6p, at which European Ferries has a market capitalisation of £309m. P&O shares gained 12p to 428p.

Ferry dispute, Page 4

THE LEX COLUMN

O City, brave new world

It was dusk as they approached the City of London. From the topmost of the 200 storeys of the Community Insider Trading Centre, the FT-A Only-Share winked out its reassuring message to the crowds thronging Old Broad Street.

"Up another eight points," said Morgana Drexel delightedly, snuggling more deeply into her seat as the Sikorsky-Agusta-Westland juddered on penetrating the City's electro-magnetic ring of Chinese Walls. Goldman Lazard said nothing, but the red glow of the Cockney light on the dashboard revealed a face set with displeasure. He banked the helicopter steeply to the right, coming in low over the quaint, old-fashioned chrome-steel and glass pile of Lloyds – so low that Morgana could see *the happy smiles on the faces of* the low-caste Underwriters as they scurried towards the Escalator Fraud courts.

"I'm so glad I'm not an Underwriter," said Morgana brightly.

***

"You're just conditioned to say that," Goldman whispered under his breath. For a short period he had been an Advanced Sleep-Trainer at the Triple-A Conditioning Centre of the Brazzaville Business School. Below him, 180 identical, prognathous, short-headed Boesky twins had gathered on the steps of *the Universal Dealing Room* and were tormenting a Chartist Semi-Moron in a green eye-shade.

"Look at those awful Dealers," Morgana said with a shudder. "Those hairy chests and gold chains..."

Goldman said nothing as he steered the machine around the colossal tin statue of Our Fraud in Palumbo Square.

What a strange boy he is, thought Morgana unhappily. Perhaps there was something after all in those stories about somebody slipping junk paper into his rating at the embryo stage. He was certainly small for a Triple-A, scarcely higher than a Chartist; *not a bit like Bear Caze*nove who was every inch a blue chip. And some of his ideas... Morgana trembled: for as long as she lived, she would never forget their holiday in the Milan reservation and those unspeakable fixed commissions.

"Single capacity, blatant rapacity," she said to herself, clutching her conditioned responses to her as if they had been six-gramme doses of Beta. And he was not a bit like the other boys. She had wanted to play Random Croquet at Weybridge, but he had said it was a silly game and merely held the helicopter motionless over that beastly Blackfriars Flyover, mumbling about some oldster called Calvi. At this rate he would end up exiled to Edinburg.

But he was nice in his way. Perhaps all he needed was a Simulated Contested Takeover or a prolonged Beta holiday. And had not the Arch-Community Self-Regulator himself, at a 3am breakfast meeting at Lambeth Palace, warned her that she had been a full three weeks with Bear Cazenove? "Job security leads to impurity," Morgana whispered to herself, for she was a virtuous girl. She hoped Goldman liked her in her greenmail-surrogate shorts and unit-linked halter top with attached warrants; and she went over her Goodisonian drill for the third time that evening.

"I will drop you here," said Goldman, putting the machine quietly down on the roof of the venerable Community Money-Supply Institute in Threadneedle Street. As she bit back her tears, Morgana heard from deep below the chanting of the junior governors at their weekly Solidarity Session:

M3 up and Mo down,
All is well in London town;
One tap, two tap,
All fall down.

Goldman Lazard was testing *Dealer embryos for screen*-radiation resistance when the invitation landed on the bench beside him. "O Fraud!" he exclaimed when he saw the embossed seal of the Arch-Community Self-Regulator on the envelope; but his pride had turned to trepidation long before he landed his sporticopter in the Lambeth Palace garden and been led by the Ninth Secretary into the Presence.

"Sit down, my boy," the great man boomed out in his deep, resonant voice. He was seated behind a vast rosewood-surrogate desk in a library lined from ceiling to floor with Cosmobond tombstones. "Tell me, what do you know of Edinburgh?"

"No, your Fraudship, please, no..." Goldman had fallen to his knees and was vainly trying to kiss the Self-Regulator's digital ring.

"Calm down, young man," said the Self-Regulator, his lip curling in disgust. "In some ways, I envy you. You will find there some of the ablest minds in the universe – too stimulating, alas, for an efficient market. I had such anti-social tendencies myself, in my youth. I wanted to be a jobber."

Even in his prone position, Goldman flushed deeply at the impropriety.

***

"But I chose the greatest wealth for the greatest number. You will not remember the anarchy of the years before the Big Bang." He made the sign of the Dollar before continuing in his warm, deep voice. "The misery of fixed commissions, the pockets of market inefficiency, new issues without assets or earnings, advertising agencies on multiples of 40..." His voice thrilled lower. "You know nothing of the Seven Years War: 800 stockbroking partners mown down with automatic fire at Guildford, the devastation of the equity market during the Hanson Interregnum, the Salomon coup d'état, the coming of Our Fraud. Now everybody has Wealth. Even the humblest Underwriter can now abscond to Miami at the weekend.

"But there is no risk," said Goldman. His misery had turned to sullen resentment.

"Oh come now, my boy. You cannot play Random Croquet by the rules of Escalator Fraud. Who cares for risk if everybody is rich; and if things seem a little dull, there is always Beta for some delicious individual risk."

His Fraudship touched a bell on his desk, and the Ninth Secretary entered. As Goldman rose to leave, the Self-Regulator pressed a dog-eared paperback into his hand. Its title was: How I Beat Wall Street and Became Rich. Goldman wept.

Bear Cazenove's sporticopter had broken down on Blackfriars Flyover. As she waited listlessly, Morgana chanced to glance over the parapet to the dreary waters of the river below. Lit by the intermittent glow of the FT-A Only-Share, two limp but evidently Triple-A feet were turning gently in the wind, first one way, then the other. Morgana screamed. But the FT-A Only-Share winked on.

Trading group to be closed after oil losses

Continued from Page 1

Dr Taus renewed his party's call for an early general election to ensure that a comprehensive reform of state industries is carried out. "Only new elections can give us the chance to bring back some order," he said.

He also argued that, in the circumstances, Mr Kirchweger could no longer remain Voest-Alpine's chief executive. Mr Kirchweger was appointed temporary chief executive until March shortly after the crisis at Voest-Alpine became public. Until the weekend; officials were saying privately that his appointment would be made permanent once the complicated procedures for an appointment in the state sector had been completed.

As the political row escalated yesterday, Dr Franz Vranitzky, the Finance Minister, called for "a cool *head" to deal with the crisis but* warned that managers in state industries could not rely only on contributions from the state budget to solve their problems. "This is out of the question." He stressed that the target for the 1986 budget could not now be changed and that it would be broadly adhered to.

Lille launch for Channel deal

Continued from Page 1

Manche twin-bore tunnel solution or the EuroRoute bridge and tunnel project.

Mr James Sherwood's Channel Expressway road and rail tunnel scheme is currently also intensifying lobbying in France where the authorities have so far reacted lukewarmly to the project. This is largely because the Channel Expressway scheme is seen in Paris as an essentially British project.

But French engineering consul*tants for Mr Sherwood's scheme* said yesterday that a number of French groups were expected to announce their willingness to take stakes in the project soon. Channel Expressway recently named Screg, the leading French road construction group, as its general contractor in France.

Durban blast kills six

Continued from Page 1

ban blast, which shattered windows of 14 shops and left victims bleeding profusely from glass and bomb sharpnel. But a police spokesman said: "There cannot be much doubt that it was the work of the African National Congress."

If so, the latest bomb attack, which follows a series of bomb and landmine attacks on civilians and industrial targets, marks a significant escalation of violence and the first open attack on a mass civilian target. In May 1983 20 people died *when a car bomb exploded in Pre*toria outside the South African Air Force headquarters.

At its conference in the Zambian town of Kabwe last June the ANC instructed its military wing Umkonto We Sizwe (Spear of the Nation) to step up guerrilla attacks to include "soft" civilian targets as part of its "peoples war" against the South African Government.

This strategy, which entails landmine and other attacks on thinly populated border farming areas and now attacks on mass civilian targets, poses serious security problems for the authorities who have already drafted large numbers of troops to guard frontiers and isolated farms. The latest explosion is expected to lead to demands for greater security at supermarkets, cinemas, sports grounds, restaurants and other public facilities.

Mr Louis Le Grange, Minister for Law and Order and General Johan Coetzee, the chief of police, both interrupted their holidays yesterday to go to the scene of the explosion while President P. W. Botha sent a message of condolence.

Stockholm to probe insider share deal

Continued from Page 1

capital at the time the shares were sold.

The association has indicated it feels Mr Ovin's resignation does not spell the end of this affair and has said the actions are the responsibility of the entire Sonessons board.

Mr Gyllenhammar has already sold his Leo shareholding at its original price to a cancer foundation in an attempt to distance himself from the affair.

Beyond Mr Ovin's departure, a top executive of Svenska Handelsbanken who took part in the directed issue has also been forced to resign on conflict-of-interest grounds.

Handelsbanken, one of Sweden's leading commercial banks, handles Leo business and offered loans to those wishing to subscribe to the special offer.

Moreover, the Leo affair has added momentum to an existing debate over corporate network ownership structures, which had been developed for financial and defensive reasons over the course of a significant reshape of Sweden's corporate power pattern in recent years.

Canadian securities firm barred

THE ONTARIO Securities Commission (OSC) has barred Gordon Capital Corporation, one of Canada's most aggressive securities firms, from participating in a takeover bid for 60 days, writes Bernard Simon in Toronto.

The OSC said yesterday that the ban was part of a settlement with Gordon Stemming from the firm's conduct during a controversial takeover bid earlier this year by a small financial services company, Unicorp Canada, for Union Enterprises, holding company for a major Ontario gas utility.

The penalty, which includes a formal reprimand by the OSC, is one of the severest imposed by Canadian authorities on a leading securities firm. Gordon, which acted for Unicorp during the takeover, has also agreed to review its trading practices to ensure that they meet Toronto Stock Exchange policies. Unicorp and Gordon will contribute towards the OSC's expenses for its seven-month investigation into the deal.

The acquisition was clouded by allegations of insider trading and unequal treatment of Union's shareholders. The OSC earlier alleged that Gordon Capital had notified some of its clients in advance about the Unicorp bid, allowing them to sell their shares on the open market for cash, rather than receive Unicorp paper.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	18	61	Dubrovnik	S	11	52	Malaga	F	15	59	Salzburg	F	5	41
Akrotiri	S	15	59	Faro	F	16	61	Malta	F	16	61	Seoul	R	-3	27
Algiers	—	—	—	Florence	S	8	46	Manila	S	31	88	Singapore	T	25	77
Amsterdam	C	8	46	Frankfurt	C	2	36	Miami	C	20	68	Stockholm	Fg	3	37
Athens	R	7	45	Funchal	C	19	66	Milan	F	1	34	Strasbourg	C	3	37
[illegible]				[illegible]				Moscow	C	2	36	Sydney	F	18	64
[illegible]				[illegible]				[illegible]				[illegible]		17	63
[illegible]				[illegible]				[illegible]				[illegible]		—	—
[illegible]				[illegible]				[illegible]				[illegible]		—	—
[illegible]				[illegible]				[illegible]				[illegible]		15	59
[illegible]				[illegible]				[illegible]				[illegible]		21	70
[illegible]				[illegible]				[illegible]				[illegible]		18	[illegible]
[illegible]				[illegible]				[illegible]				[illegible]		-3	27
[illegible]				[illegible]				[illegible]				[illegible]		—	—
[illegible]				[illegible]				[illegible]				[illegible]		14	57
[illegible]				[illegible]				[illegible]				[illegible]		3	37
[illegible]				[illegible]				[illegible]				[illegible]		1	34
[illegible]				[illegible]				[illegible]				[illegible]		5	41
[illegible]				[illegible]				[illegible]				[illegible]		2	36

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday December 24 1985

EUROBONDS

Top jobs swap at Morgan Guaranty

By Maggie Urry in London

TOP JOB moves are taking place at Morgan Guaranty, the US bank. Two senior vice presidents of the bank, who are involved in the capital markets activities, are exchanging positions.

Mr David Band, head of funding services in the New York office, is to become managing director of Morgan Guaranty Ltd in London, the bank's Euromarket underwriting and market-making subsidiary.

The current incumbent, Mr John Mayer, will move to New York and take over Mr Band's job. Both will continue to report to Mr Robert Engel, the treasurer of the bank. The switch will take place in June 1986.

The Eurobond market was in pre-Christmas mood yesterday, although some trading activity was noticed. No new issues were launched. Prices were slightly firmer in the Eurodollar market.

In the primary market, the World Bank $300m, 30-year issue launched last Friday, rose to trade at 99⅝ compared with the par issue price, well inside the 1½ per cent selling concession.

In the Swiss franc foreign bond market, prices were also higher by ¼ point on average although trading was quiet. Italy's 20-year, zero-coupon bond started trading on the Zurich Stock Exchange, although it has yet to be listed, closing at 33.6 compared with the 34.273 issue price.

The Air Canada perpetual issue has been over-subscribed with lead manager SBC scaling down allotments. It is expected to open at a premium when trading starts after Christmas.

The D-Mark Eurobond market was also quiet although some traders found patches of good demand. Prices were up by around ½ point. Speculation about the new issue calendar for January has already started with some dealers expecting a total of DM 4bn ($1.6bn) to DM 5bn.

Euro-paper debut by Mitsubishi

MITSUBISHI Corporation has become the first Japanese issuer of Euro-commercial paper, launching a programme with an initial size of up to $100m, writes Our Euromarkets Staff in London.

The steel and natural resources group, which is one of the largest companies in Japan, signed the deal yesterday afternoon with Swiss Bank Corporation International. The programme is in the name of the UK subsidiary Mitsubishi Corporation Finance with the guarantee of the parent.

The borrower has a Triple-A rating, which should prove popular with investors when SBCI starts to place the paper in the new year.

The programme will be retail-oriented, allowing for investments down to $10,000. SBCI has been appointed sole dealer/manager of the issue. The notes will have a maturity of up to a year and the programme could be increased to meet extra demand.

So far, Japanese borrowers have taken a cautious approach to Euro-commercial paper as the authorities have been examining the market. Other borrowers are thought to be looking at the market.

Bernard Simon in Vancouver reports on a dilemma facing one of the world's largest lead and zinc producers

Metals price squeeze brings decision time for Cominco

THE UNREMITTING decline in base metal prices has presented Cominco, the Canadian zinc lead copper and fertiliser producer, with some agonising choices.

In essence, the Vancouver-based company must decide whether to continue pursuing the production and marketing policies that have won little respect from either customers or other producers.

At the same time, it faces important decisions on future mining operations, notably the development of the huge Red Dog zinc-lead-silver deposit in north-west Alaska.

Recent developments in world metal markets have encouraged Canadian mining companies to take an independent line. Cominco is the only large lead producer that has used the current tin crisis as an excuse for abandoning contract terms based on London Metal Exchange (LME) prices. Furthermore, Canadian lead and zinc producers have taken the initiative in cutting output in an effort to bring supply more closely into line with depressed consumption levels.

Cominco will produce about 10 per cent less lead and zinc this year than in 1984, while Toronto-based Noranda has cut output by around 15 per cent. Canadian metals group which is to be acquired by Falconbridge of Toronto, has announced a 15 per cent reduction for 1986.

The Canadians are unhappy with the failure of other lead and zinc producers, especially in Australia, to follow their example. The fall in the Australian dollar has added to their frustration. According to Mr Norman Anderson, Cominco's chairman and chief executive, Cominco and Noranda "are sharing the discipline and responsibility that are needed in the marketplace."

Cominco expects to decide soon whether to shut down more capacity or, in Mr Anderson's words, to "come back strong and say: 'We'll fight you until some sensibility returns to the market.'"

Cominco's attempt to move away from LME-based prices (described by one Toronto mining analyst as "opportunistic") reflects the deepening hostility of several Canadian mining companies towards the London market. Shortly after the tin crisis broke in late October, Inco, the big nickel company, announced similar moves. Volatile LME prices and the breadth of the market have weakened producers' ability to dictate terms to their customers. Cominco gave up its LME seat last year after being a member for 30 years.

As Mr Anderson sees it, "the metals trade had outgrown what the LME was set up to do. It became less of a terminal market and more of a place where speculators speculated."

However, lead and copper customers have resisted Cominco's efforts to reassert its influence. Mr Keith Spurr, vice president for metal sales, says a typical reaction has been the complaint that other producers have not abandoned the LME benchmark.

Despite its position as one of the world's largest lead and zinc producers, Cominco – like debt-laden Noranda – does not appear to have the resources to fight a lonely battle for long.

The company, a subsidiary of Canadian Pacific, lost C$25.6m ($18.4m) in the nine months to Sept ember 30 and mining analysts forecast further losses at least in the first half of 1986. Cominco had long-term debts of C$617m at the end of last year, giving it a debt inequity ratio of 70 per cent. Its share price on the Toronto Stock Exchange recently touched its lowest level for six years.

About a third of Cominco's revenues come from its fertiliser and chemicals division, centred on the Canadian and US prairies. This business has also been in the red recently, as a result of low potash prices and this year's late wheat harvest in North America.

Cominco also has interests in precision metal parts and other materials for the electronics industry, steel products and a power utility in British Columbia.

It has begun to sell assets to improve its balance sheet. A 39 per cent interest in Pine Point Mines, a lead and zinc producer in the Canadian Arctic, was reduced to 51 per cent earlier this year. An Alberta company will provide the bulk of the funds for construction of a C$116m nitrogen fertiliser plant in central Alberta, receiving in return a quarter of the revenues from the new factory as well as two existing plants owned by Cominco. Next on the block is likely to be at least part of its stake in West Kootenay Power and Light, which had 1984 revenues of C$56m.

Mr Norman Anderson: distaste for handouts

Mining analysts think that Cominco may also sell the Con goldmine in the Northwest Territories and further reduce its fertiliser and chemical interests.

The company's weak financial position casts a shadow over its expansion plans. Despite Mr Anderson's distaste for government handouts, Cominco has turned to Ottawa for help in a C$270m project to modernise its 40-year-old lead smelter at Trail, British Columbia. A government agency will pay C$69m for Cominco preferred shares, and the company has asked for a cut in provincial water rental fees.

Cominco faces a difficult decision whether, and when, to go ahead with the ambitious Red Dog Mine. The deposit – to be mined from an open pit – is one of the richest and biggest in the world, with present ore reserves of 77m tonnes, containing 17 per cent zinc, 5 per cent lead and 2.6 ounces silver per tonne of ore.

Cominco and the Alaska government reached agreement earlier this month on state assistance for construction of a port on the shore of the Chukchi Sea and an 88 km road from the mine to the coast. Approval has also been given for the road to cut through a corner of the Cape Krusenstern National Park.

According to Mr Anderson, Cominco is "just about locked in" to a final engineering design for the mine. Construction of the road could start next summer.

Cominco is an acknowledged master at operating mines in inhospitable environments. Its four existing Arctic mines include the Black Angel Mine in Greenland, where an aerial cableway across a fiord connects the mountainside mine to a concentrator and town site.

But the timing of Red Dog's development will depend largely on a current assessment of the outlook for metal prices and Cominco's own financial position. The targeted completion date for the mine has already slipped by a year to early 1990. Although further delays are possible, Mr Anderson says: "I think Red Dog will be ready to go four years from now."

His optimism is based on a firm belief that a supply squeeze will bring a spectacular revival in the zinc market within the next year or two. According to Mr Anderson, "We're setting the stage for a hell of a price spike."

He predicts that current low prices will force about 10 zinc mines to close, while others will shorten their lives by concentrating operations on high-grade ore bodies. Yet recent developments have done little to bring this prediction closer to reality.

Cominco itself has a 40 per cent interest in a Spanish company which is pressing ahead with construction of a small zinc mine at Troya in northern Spain. According to Mr Anderson, the deposit – discovered in 1974 – is being developed because of pressure from the Spanish Government.

The most recent drop in producer prices from 38 to 35 cents a pound is blamed partly on plans to reopen the big Cyprus Anvil lead-zinc mine in the Yukon with financial support from federal and local governments.

Cyprus Anvil supplied 2 to 3 per cent of the world zinc market before its previous owners, Dome Petroleum, suspended operations in mid-1982. The mine was bought last month by a consortium in which the Hunt family of Texas and Boliden, the Swedish mining group, are believed to be participants.

Cyprus Anvil was by far the largest generator of economic activity in the Yukon before it closed. The prospect of reducing unemployment appears to have been a prime consideration in persuading the authorities to bow to pressure from community leaders to help to reopen the mine. The local Member of Parliament is Mr Erik Nielsen, Canada's influential Deputy Prime Minister.

Without government assistance, Cyprus Anvil is a high-cost operation. Mr Anderson suspects that – like Cominco – the mine's new owners are banking on a surge in zinc prices within the next year or two.

Tax reform plan hits shares in India

By R. C. Murthy in Bombay

INDIA'S stock markets have reacted bearishly to the long-term fiscal policy announced by Mr Vishwanath Pratap Singh, Finance Minister, on Thursday. Bombay led the slide with the equity index of the Economic Times, India's main business newspaper, dropping 10 points to 543.1 over the past three days.

The fall in share prices has come as a surprise to the Government, which had been expecting a surge in values. Bombay Stock Exchange authorities cut deposit margins on purchases of several blue chips in an attempt to prevent a further slide.

The decline in shares is a contrast to the general welcome accorded by India's industrial community to the tax reform policy. Personal and corporate tax levels are to be kept at the reduced levels introduced in the annual budget last March and capital gains tax is simplified.

Stock markets see the proposal to scrap the investment allowance tax rebate after March 1987 as unfavourable for the blue chips. In compensation, the surcharge on income tax is to be scrapped.

However, rapidly-growing companies such as Reliance Industries, Tata Engineering and Loco-Motive company, have been planning their investments to cut or even eliminate tax liability. Observers consider the benefit from savings in income tax will not be equal to the loss of investment allowance for fast growing companies.

Mr H. P. Ranina, a tax expert, says the investment allowance abolition would hurt capital-intensive industries such as cement, steel and petro-chemicals.

Orenstein and Koppel pumps up its sales base

BY PETER BRUCE IN DORTMUND AND IAN RODGER IN LONDON

THE HOESCH steel group has long been one of the most European-minded of West German industrial companies.

In 1972, it attempted an imaginative but ultimately unsuccessful merger with Hoogovens of the Netherlands. Dr Detlef Rohwedder, its chief executive, remains an eloquent spokesman on the need for such trans-European associations.

But Dr Rohwedder seems to have had difficulty in passing on his European vision to Orenstein and Koppel (O&K), the Dortmund-based construction machinery and escalator group acquired gradually by Hoesch in the past few years.

O&K's fiercely independent management has eschewed a number of opportunities to participate in the rationalisation of Europe's fragmented construction equipment industry. Last week, the company disclosed that it would attempt to secure its future in the sector by acquiring a controlling 51 per cent stake in another German company, Faun, instead.

At first glance, it is the perfect industrial marriage. Both companies are profitable and their products are complementary. There will be no need for plant closures, redundancies or excisions from the product lines.

O&K, the larger of the two, with turnover last year of DM 1.3bn ($520m) and profits of DM 10.2m, specialises in very large hydraulic and bucket-wheel excavators, with lesser lines of wheeled loaders, scrapers and fork-lift trucks.

Faun, with turnover in 1984 of DM 666m and profits of DM 28.6m, specialises in scrapers, but also makes a variety of other earth-moving machines plus commercial and municipal vehicles.. The overlap between the two groups is said to amount to only DM 36m of turnover. Both export more than half their output.

The impetus for the takeover appears to have come from Faun, a family-owned company based in Bavaria. Its turnover has grown six-fold in the past decade and it needed new equity.

Mr Jürgen Rothstein, the chairman, who will join the O&K executive board, said Faun had to keep growing to survive, and the takeover provided a way of achieving that objective.

But O&K is also in an expansive mood. After recovering from serious losses in the early 1980s, it is expecting to double its profits this year. Mr Karl Heinz Siepe, chairman of O&K, says of the takeover: "The whole is much more than merely the sum of its parts." He claims that the new group would have a wider range of products than any competitor in the world.

Perhaps the more relevant statistic is that it will still be relatively small and vulnerable compared with the giants of the industry – Caterpillar Tractor of the US and Komatsu of Japan.

With combined construction-equipment turnover of roughly $350m, the enlarged O&K will also be somewhat smaller than the second tier of construction-equipment makers, including Deere, Dresser and J. I. Case of the US, Fiatallis of Italy and VME, the joint venture formed earlier this year by Volvo of Sweden and Clark Equipment of the US.

O&K, which needs to improve its dealer network in the US, has had on-and-off collaboration talks with Dresser and Terex of the US, and it was wooed intensively by Volvo and Clark last year to join in forming VME. If VME is to be a full line supplier, then it must have a range of excavators.

But neither Volvo nor Clark makes excavators. The failure of the negotiations with O&K – each side blames the other for the breakdown – means that VME may resort to licensing a Japanese excavator.

That would be unfortunate. There are already some 20 manufacturers of hydraulic excavators in Europe and it is difficult to see the need for another. But O&K and Faun do not seem concerned. "We can do all we want in peace and quiet," Mr Rothstein says.

Their most immediate problem is that the West German construction industry remains deep in recession despite signs of a domestic economic recovery in other sectors.

Swissair 'may double earnings'

By John Wicks in Zurich

SWISSAIR expects a sharp increase in profits this year, according to Mr Robert Staubli, the management chairman.

Mr Staubli, addressing airline personnel, said that net profits would be "about twice those for 1970." These totalled SFr 34.3m ($16.2m), and therefore Mr Staubli's statement indicates an earnings figure up from last year's record SFr 60.7m to at least SFr 68m in respect of 1985.

He spoke of this year's profits as exceeding SFr 100m. Although Swissair officials afterwards explained that this figure referred to earnings before staff bonuses and extraordinary depreciation, Mr Staubli went on to say that the 1986 budget foresaw a profit figure below that anticipated for the current year.

State to take 80% stake in New Zealand Steel

THE New Zealand Government plans to take an 80 per cent stake in New Zealand Steel and assume debts of NZ$1.14bn ($574m) as part of a major restructuring of the company, Reuter reports from Wellington.

The deal, if approved by shareholders, involves the Government in taking up NZ Steel shares on the basis of about four shares for each ordinary share currently on issue. In return, the Government will assume the servicing until September 30 of most debt resulting from an expansion project at the company's South Auckland mill.

Mr Roger Douglas, Finance Minister, said the Government would try to sell its shares to substantial companies or institutions as soon as possible.

"We have no wish and are not well equipped to own and manage a steel mill," Mr Douglas said. "We have acquired the debt and shares to put the project on a sound financial footing."

The expansion project is being managed by New Zealand Steel Development, which is owned 60 per cent by the Government and 40 per cent by NZ Steel. The NZ$2.6bn project is being financed by loans equal to 97 per cent of the cost.

Mr Douglas said NZ Steel would be viable now that it did not have to service a large part of the costs of the project.

Existing shareholders will receive a final dividend, with priority over shares issued to the Government of 7.5 cents a share for the year to March 31 and 12 cents for the year to March 31 1987.

Existing shareholders will also receive a free issue of options on a one-for-two basis. Each option entitles the holder to buy one NZ Steel share from the Government at NZ$1.50 until March 1989.

Swire in HK hotel venture with Marriott

SWIRE PROPERTIES of Hong Kong said a 600-room hotel would be built on a 10,500-square-metre site it acquired for HK$703m ($90m) in April, AP-DJ reports from Hong Kong.

The company, a subsidiary of Swire Pacific, said the hotel would be owned and developed by Queensway Hotel, a newly formed venture of Marriott Corporation of Washington, and Swire Properties. The hotel will eventually be managed by Marriott Hong Kong.

The announcement confirms recent rumours in Hong Kong's stock market about the hotel. In July, Mr F. Alan Fosler, Swire Properties managing director, said Swire was in advanced negotiations with Marriott Corporation.

The planned hotel, which is one of more than a dozen under construction in the colony, will be the first Marriott in Asia, Swire Properties said.

Kuwait Petroleum hit by slackening demand

BY OUR FINANCIAL STAFF

KUWAIT Petroleum Corporation (KPC), the state-owned hydrocarbons conglomerate, realised net profits of KD 209m ($720m) in the year ended June 30, down 25 per cent from the KD 280m in the previous year.

It was the second year running that KPC registered a retreat in profits, attributed mainly to slack world demand for oil, the protracted war between Iran and Iraq and world economic recession.

According to a report submitted to Kuwait's Parliament, KPC's total revenues in 1984-85 were KD 3.7bn, down KD 213m from fiscal 1983-84.

Revenues from exports of crude oil and oil derivatives were KD 3.2bn

The report noted that crude oil exports fell by 39,000 barrels a day below last year's rates, showing that Kuwait was becoming increasingly dependent on the export of oil products, and less exposed to the fluctuations of crude oil market demand.

KPC is the umbrella for all companies involved in the Kuwait oil industry, including petrochemicals and oil tanker shipping. The corporation is chaired by Sheikh Ali Khalifa al-Sabah, Kuwait's Oil Minister.

Income from natural gas and liquefied petroleum gas sales were put at KD 186m.

KPC incurred losses amounting to KD 72m from its share in the losses borne by subsidiaries and associate companies in the US, the UK, the Far East and elsewhere.

INTL. COMPANIES & FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for December 23.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex 10⅞ 92	100	101⅞	102⅝	0	−0½	9.91
Amex Credit 10⅞ 90	100	103¾	104¼	−0¼	+0⅛	9.88
Atlant Richfld 10¼ 00	250	100⅝	101⅛	−0⅛	+1⅛	10.12
Australia Com 11 95	200	108¼	108¾	0	+0¾	9.42
Australia Com 11¼ 00	100	109⅝	110⅛	+0⅞	+1	9.90
BP Capital 11½ 92	150	108⅜	108⅞	0	+0½	9.83
Campbell Soup 10½ 95	100	104⅞	105⅜	+0⅛	+0¾	9.65
Canada 11½ 90	500	109⅛	109⅝	0	+0¾	8.74
Canadian Pac 10⅝ 93	100	105¾	106¼	+0⅜	+0¾	9.57
Canadian Pac 12⅝ 99	75	110⅛	110⅝	−0⅛	+0⅛	10.99
CEPME 10⅜ 91	100	103⅝	104⅛	0	+0⅝	9.22
Chevron U.S.A. 12¼ 89	600	105⅜	105⅞	−0⅛	+0⅛	10.35
Citicorp 10 88	200	102	102½	0	0	8.96
Citicorp 10⅜ 95	200	100½	101	0	−0⅝	10.40
Coca Cola 11⅜ 91	100	108¼	108¾	0	+0¼	9.75
Denmark Kingdom 11¼ 89	100	106⅜	106⅞	+0¼	+0⅞	8.85
Denmark Kingdom 11½ 90	100	107½	108	−0¼	+0¼	9.24
Denmark Kingdom 11½ 92	100	108½	109	+0¼	+1¼	9.56
E.D.F. 10 95	225	102⅛	102⅝	+0⅛	+1⅛	9.58
E.E.C. 9⅝ 90	350	101½	102	0	+0½	9.11
E.E.C. 11⅛ 90	100	107¼	107¾	+0⅜	+0¾	9.05
E.I.B. 12 95	200	113¾	114¼	+0⅝	+1½	9.84
Eli Lilly 10⅛ 92	150	105⅜	105⅞	0	+0⅛	9.00
Export Dev Corp 10 90	100	103⅞	104⅜	+0⅛	+0¾	8.81
Export Dev Corp 12 89	100	108⅞	109⅜	0	+0¼	9.00
Fed Dep Stores 10½ 95	100	101⅝	102⅛	0	0	9.75
Ford Motor Cred 10½ 91	150	103½	104	+0⅛	+0⅝	9.62
Ford Motor Cred 11⅝ 90	100	105⅜	105⅞	−0¼	+0⅛	9.84
Ford Motor Cred 12 95	100	108½	109	+0⅛	+1½	10.46
Gen Elec Credit 10⅞ 00	200	105⅜	105⅞	0	+0¼	9.78
GMAC 10½ 89	200	103⅜	103⅞	+0⅛	+0¼	8.94
GMAC 10¼ 92	250	102⅝	103⅛	0	+0⅝	9.63
IADB 10½ 95	150	105⅛	105⅝	+0⅞	+1⅜	9.61
IBM Credit 10⅜ 2005	300	† 103⅝	104⅛	0	−0½	9.93
Kellogg Company 10⅞ 90	100	103⅝	104⅛	−0⅛	+0¼	9.44
Kellogg Company 11¼ 92	100	105⅛	105⅝	−0¼	+0⅛	9.88
L.T.C.B. 12⅝ 91	100	113⅜	113⅞	−0¼	+0¼	9.70
Mitsui Trust 11⅝ 90	100	† 106⅜	106⅞	+0⅛	+0¼	9.70
Nippon Cred Bk 10⅝ 95	150	104¾	105¼	+0⅛	+1	9.81
Pillsbury Co. 10¼ 95	100	101½	102	+0¼	+1¼	9.90
Pru Realty secs 12⅛ 95	340	110⅞	111⅜	−0⅛	+0¼	10.36
Qantas Airways 10⅝ 99	140	105¼	105¾	0	+1¼	9.46
Quebec Hydro 11½ 92	100	108⅞	109⅜	0	+0¼	9.83
Queensland Govt 10¼ 95	100	103½	104	0	+1½	9.62
Ralston Purina 11¼ 95	150	108¼	108¾	0	+0¾	10.11
Ralston Purina 12¾ 89	100	109½	110	−0¼	−0⅛	9.55
Saskatchewan 10⅝ 92	100	105⅛	105⅝	+0⅛	+0⅝	9.38
Saskatchewan 11⅞ 89	100	108⅝	109⅛	−0½	0	9.05
Statoil 10 90	170	103⅝	104⅛	+0⅛	+0⅝	8.88
S Wales Trsy 11¼ 90	100	108⅞	109⅜	0	+1⅛	8.89
Swed Exp Cred 10 92	100	102⅞	103⅜	+0⅛	+0¾	9.31
Swed Exp Cred 12⅜ 89XW	100	108⅞	109⅜	−0⅛	+0⅛	9.67
Sweden Kingdom 10⅝ 90	200	105¼	105¾	0	+0⅝	8.99
Sweden Kingdom 11½ 89	200	107⅞	108⅜	0	+0⅝	8.97
Sweden Kingdom 11¾ 94	100	110¾	111¼	+0¼	+2	9.84
Tenneco Corp 10¼ 95	150	102¼	102¾	0	0	10.39
Texaco Capital 10 95	300	†94	94½	0	−0¾	12.02
United Tech Fin 10⅜ 95	100	103½	104	−0⅛	+0⅝	9.80
Victorian Rep 11⅝ 92	150	108⅞	109⅜	−0⅛	+0⅞	9.81
World Bank 10⅛ 95	300	104⅞	105⅜	+0¼	+1⅜	9.28
World Bank 12⅝ 94	200	117¾	118¼	+0¼	+1⅛	9.70

Average price change On day 0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	† 105⅞	106¾	−0¼	−0⅝	7.12
Austria Republic 7⅝ 94	200	† 104½	105	−0¼	−0⅛	6.84
Bauer Travelfol 7¼ 94	200	† 101¼	101¾	−0¼	−0¼	7.00
Copenhagen 7⅝ 95	150	† 102	102½	−0¼	−0¾	7.08
Credit National 8⅛ 94	200	† 106½	106¾	−0¼	−0¼	7.04
Dow Chemical 6¾ 95	300	† 99¼	99¾	−0¼	+0¾	6.82
E.I.B. 7¼ 94	300	† 102¾	103¼	0	+0¼	6.79
Eskom 8 92	150	† 94	94½	−0¼	+0⅛	9.23
Ex-Im Bk Korea 7⅝ 90	100	† 100	100½	0	+0¼	7.54
Ferrovie Dello Stato 8 91	100	† 100½	101	−0¼	−0⅜	7.11
Finland Republic 7 92	200	† 101	101½	−0¼	0	6.74
Gould Int Fin 7⅞ 91	100	† 104	104½	−0¼	0	6.85
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Nippon Oil Co 3 2000	5/85	923	105	107	+0⅛	8.23
Oki Elec Ind 3½ 99	10/84	805	102	103	−0⅝	−1.36
Sekisui House 3 98	6/84	612	101	102¼	+1⅝	2.28
Sumitomo Bank 2¾ 2000	8/85	2142	96¾	97¾	0	2.58
Sumitomo Corp 2⅞ 99	5/84	593	108¼	109¼	−0⅞	1.01
Taiyo Yuden 3¼ 2000	3/85	1078	†108	109	−2½	−2.31
Takeda Riken 3⅛ 2000	10/84	7653	†102	104	−3	7.44
Tokyo Sanyo Elec 3½ 99	12/84	772	99¾	100¾	−0⅞	2.31
Toshiba Ceramics 3 2000	4/85	1734.2	98	99	−0¼	5.79
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†101½	102½	0	22.21
Nippon Shinpan Co 2 92 SF	3/84	801	†117	118	+3	13.03
Asics 5 92 DM	12/83	520	107⅜	108⅞	−0½	18.06
Renown 3⅛ 90 DM	3/85	675	† 103¾	104¾	0	−5.49
Sam Realty 6¼ 92 DM	2/83	335	† 440	448	0	−6.17

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

مكتبة الأمل

UK COMPANY NEWS

Distillers hits at Argyll's use of political advisers

BY CHARLES BATCHELOR

Distillers, the Scotch whisky group which is fighting a £1.9bn takeover bid from Argyll Group, the supermarkets concern headed by Mr James Gulliver, hit out yesterday at the bidder's use of political advisers.

It emerged over the weekend that Argyll had been using Mr Alex Fletcher, former minister for corporate and consumer affairs at the Department of Trade, for advice on general Scottish questions. Mr Fletcher is MP for Edinburgh North.

Mr David Connell, a Distillers' director, asked yesterday: "What are the rules for the payment of people who have been advising Government?

"What inside knowledge do these people connected with Government, the Office of Fair Trading and the Department of Trade and Industry, have?

"Clearly, Argyll have spent a great deal of time establishing political contacts and have timed their bid over Christmas to make sure we cannot bring any of our views to Parliament."

Mr Connell said that Argyll could also call upon Mr Cransley Onslow chairman of the Conservative 1922 Committee, who is a director of the company.

Mr David Webster, an Argyll director, said Mr Fletcher was one of a number of advisers retained on Scottish matters while Mr Onslow had been on the Argyll board for a number of years.

"Any consultant receives a normal advisory fee as a reward," he added. "We have made no secret of the fact that Mr Onslow is on our board nor have we sought to hide the fact that Mr Fletcher has been advising us."

One of the main planks of Distillers' defence is what it believes to be the high level of gearing which will result at Argyll, which is smaller than Distillers.

Distillers feels there would be pressure on the merged group, if the bid were successful, to make short-term decisions which would damage the long-term market position of Distillers' brands.

Argyll was at pains to prove that its bid would not be financed in the same way as the £1.8bn bid from Elders IXL of Australia for Allied-Lyons, the British foods and drinks group.

The Elders' offer was referred on December 6 to the Monopolies and Mergers Commission so that the financing of the deal could be investigated.

The Argyll offer for Distillers will comprise 72 per cent Argyll shares and only 28 per cent cash financed by bank borrowings, Argyll argues. While the Elders' offer was initially a consortium bid this has not been the case with the Argyll offer, it added.

Argyll denied yesterday that a takeover would lead to job losses in Scotland or the sale of the Gordons Gin business.

Plessey set January deadline

BY CHARLES BATCHELOR

GEC, Britain's largest electronics and electrical group, yesterday sent out the formal offer document detailing its £1.18bn takeover bid for its smaller rival, Plessey.

Unusually, GEC gave Plessey shareholders four weeks—until January 20—to respond to its offer.

The 32-page offer document reiterated the industrial and financial argumetns first set out in GEC's initial bid announcement of December 9. The document was marketdly sober in format at a time when bid documentation has been becoming increasingly colourful.

Plessey responded that its board's "unequivocal and unanimous advice" was for its shareholders to reject "the palpably inadequate offer." Plessey promised to write to its shareholders early in the New Year with its detailed reply.

GEC was at pains to emphasise the benefits to the British electronics industry of its bid as well as the advantage to the shareholders and employees of the two companies.

Plessey viewed this approach as reflecting the political dimension involved in a deal which could bring together two important defence and communications equipment suppliers.

GEC said a combination of the two companies would enhance the UK's capability to compete more effectively with foreign companies in the telecommunications and electronics industries. It would more strongly assert the British presence technically and commercially in the world.

"The combination of telecommunications interests of both companies has been discussed over a number of years but progress has always been halted because of Plessey's understandable view that the transfer to a joint venture of such a large part of its total activities would emasculate its business," GEC chairman Mr James Prior wrote. "A complete combination of GEC and Plessey would make this concern irrelevant."

GEC pointed to what it called its "pivotal role" in bringing about change in the UK electronics industry because of the scale of its operations and its record of successful management.

GEC asked shareholders to disregard an earlier statement by Mr Prior at its September annual meeting that full year earnings per share would be up on 1984-85. It was impracticable for GEC's auditors and financial advisers to report on this remark, it said.

GEC is offering 330p cash, one new ordinary share and £1.60 of nominal of 7¼ per cent convertible loan stock for every four Plessey shares. GEC's shares were unchanged at 166p yesterday, value its offer at 161.5p. Plessey was unchanged at 174p.

BAT's chief quits board of Molins

By Charles Batchelor

Mr Patrick Sheehy, chairman of BAT Industries, resigned yesterday from the board of Molins, the manufacturer of cigarette-making machinery which last week failed in a £50m management buy-out attempt.

BAT denied that Mr Sheehy's resignation reflected an imminent move at BAT's 29 per cent holding in Molins.

The tobacco group said Mr Sheehy's move followed an earlier indication that Molins no longer formed part of its long-term strategy which meant it was inappropriate to have a director on Molins board.

The change in BAT's policy towards its holding in Molins was a major factor in the company's management putting together the buy-out plans

BAT's policy towards its Molins' stake is that it is its present intention not to sell the shares at any price below 170p—the level of the management buy-out.

RHP stake in SPP

RHP, the precision engineer, has acquired a 12.6 per cent stake in SPP the fire fighting equipment company which only came to the market in November. SPP used to be part of Booker McConnell which sold it to its management for £9.3m in 1983—it rejoined the market valued at just under £20m.

The company stressed yesterday that it was determined to remain independent. Over 50 per cent of the shares are owned by the management.

Low & Bonar's increased offer wins Cole approval

BY DAVID GOODHART

Low and Bonar, the Dundee-based packaging group, yesterday announced it had concluded an agreed bid for the Cole Group after increasing its original offer by nearly one-third.

The offer of one Low and Bonar share for one Cole values the plastics and electronics company at £10.5m on the basis of Low and Bonar's mid-market price of 328p last Friday. Yesterday its share price fell 1p to close at 326p while Cole leaped 41p to close at 321p.

Low and Bonar first bid for Cole at the end of October when it offered 260p cash for each share, valuing the group at £7.8m. The cash offer for the new recommended bid is 310p.

Mr Roland Jarvis, chief executive of Low and Bonar, said that there was a powerful industrial logic with the deal, particularly in electronics and plastics.

Low and Bonar, which already owns 27 per cent of Cole, plans to introduce technology, developed in its Canadian plastics subsidiary, into the Cole plastics companies.

The latest deal ends a busy year for Low and Bonar which made four disposals in the first six months—netting about £12m—and in the subsequent six months has made four acquisitions. Last week it announced it had acquired the Bemrose Corporation for £8.85m.

Cole is expecting to announce pre-tax profits of about £1m for this year. To the year end December 31 1984, Cole made £278,000 pre-tav on turnover of £23.8m. Low and Bonar recorded turnover of £93.8m and profits of £6.06m in the first six months of 1985.

French Kier document criticised

Mr Brian Beazer, chairman of the fast-growing housebuilding company C. H. Beazer, yesterday described as "a mixture of rhetoric and fantasy" the comments made by French Kier in its defence document resisting Beazer's £113m bid.

Mr John Mott, French Kier chairman, said the Beazer management was overstretched and the board largely composed of people with an accounting or merchant banking background.

Mr Beazer retorted in a letter to French Kier shareholders yesterday that four of the five executive directors have spent all their working lives in the building industry.

He added that French Kier had not even attempted to refute the argument of industrial logic because it was clear that it did make sense to reduce French Kier's dependence on the volatile contracting business, and it had, in fact, tried and failed to do so itself.

Mr Beazer writes: "You are faced with the choice of staying with a contracting based organisation, with its attendant risks and apparent inability to successfully diversify, or becoming part of a major UK construction grouping with a sound spread of risk and contribution." The offer has been extended to January 2.

Lionel Barber analyses the rescue packages for UK helicopter group

The war of words over Westland

THE £73m European rescue plan for Westland unveiled last Friday represents a marginal improvement on the rival Sikorsky/Fiat offer backed by the Westland board and its bankers, City observers said yesterday.

However, opinion is keenly divided on the respective merit of both offers in the key area of sub-contracting work and collaboration, which both sides claim would secure the ailing company's short and long-term future.

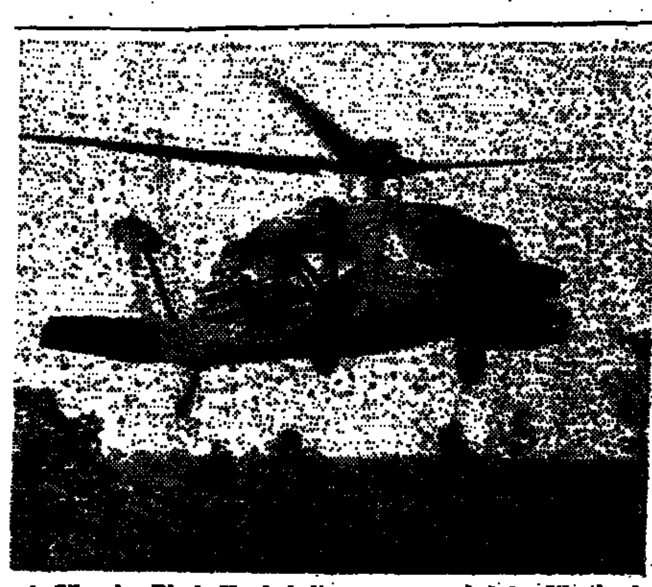
The main advantage of the European offer covers the financial package offered to Westland's shareholders and its bankers, National Westminster and Barclays.

According to the terms, devised by Lloyds Merchant Bank, Westland would make a two-for-five rights issue to existing shareholders at 55p per share, raising £13.05m. Those shareholders who take up their rights would also receive free warrants to subscribe at 85p per share on a two for-five basis at any time until December 1996.

Under the Sikorsky/Fiat proposal, existing shareholders are being asked to subscribe to two-for-five rights issue at the slightly higher price of 60p, raising £14.2m. The rights issue was underwritten by City institutions last Thursday.

A separate aspect of the European package, highlighted by Lloyds last week, is that Westland's bankers are only being asked to convert £23m of current debt into convertible preference stock. Under the Sikorsky/Fiat plan, approved by the banks subject to next month's EGM, the banks would convert £28m of current debt into loan stock and redeemable preference shares.

The sweetening of the terms proposed to the banks is made possible by British Aerospace and GEC, the two British partners in the five-strong European consortium, agreeing to subscribe for 2.5m 8 per cent cumulative redeemable preference shares, which would cut Westland's bank borrowings by £5m.



A Sikorsky Black Hawk helicopter—regarded by Westland as a winner

Mr Michael Heseltine, Defence Secretary

In addition, the late entry of GEC into the consortium—which also includes MBB of West Germany, Agusta of Italy and Aerospatiale of France—has allowed the Europeans to put up slightly more money in new share capital, £37.1m compared to £30m. The total reconstruction package is worth £73.1m, compared to the Sikorsky/Fiat rescue estimated at £72.2m.

One further advantage claimed by the Europeans is that, on full conversion of rights, existing shareholders would hold around 63 per cent of Westland's equity—the consortium 21 per cent, and the banks the balance.

Under the Sikorsky-Fiat plan, the new partners would have an option to subscribe to new shares which, in certain circumstances, would give them 39.9 per cent of the equity. On full conversion of rights by all parties to the deal, Sikorsky and Fiat would hold only 35 per cent of the company.

Westland's advisers, Lazard Brothers, have played down the slightly larger foreign holding in Westland, saying it shows the partners commitment to the company. Critics, however, have argued that it raises the threat of Sikorsky and Fiat assuming control in the future.

Far more controversial is the amount of work offered to Westland under the two deals, with both sides claiming their proposals are much superior to the other.

For example, Aerospatiale and Agusta say they are offering to commit additional manufacturing work amounting to around 570,000 man hours over three years in 1987, 1988 and 1989. In addition, Agusta says it is now willing to increase its previous offer of 120,000 engineering man hours between 1987-89 to 300,000. In total, including a British Ministry of Defence order for a further six Sea King helicopters for delivery in 1990, the Europeans claim they are offering 1.55m man hours work over the next five years.

Behind the promises lies the threat, spelt out by Aerospatiale last week, that it would withdraw some 350,000 manufacturing man hours work per annum should Westland choose the Sikorsky/Fiat option.

Spread over five years, this enables the European consortium to argue that Westland would suffer a net loss of 750,000 man hours.

But both Westland and its advisers have met these claims with powerful counter-arguments.

For example, the promise of additional sub-contracting work spread over five years is not guaranteed but is subject to the vagaries of the market. Equally, Sir John Cuckney, Westland's chairman, has said that the European offer of participation in two helicopter projects, the Mark 2 version of Aerospatial's Super Puma and the Agusta 129, involves helicopters of "as yet unproven marketability."

By contrast, Westland believes it has a winner in Sikorsky's medium-weight Black Hawk helicopter which it would be licensed to develop, market and manufacture "in a significant number of territories."

First, 1m man-hours of work is guaranteed: second, the responsibility for selling the Black Hawk in the territories allowed under the deal lies in Westland's hands alone. The company's hands would not be tied by excessive dependence on the Europeans for work, say Lazards.

Westland also believes that the Ministry of Defence will need a new range of 10-tonne helicopters "in due course."

Despite Mr Heseltine's statement that there is no intention to buy Black Hawk, Westland reckons that this position could change in the light of two important British government statements last week.

The first came last Monday when Mr Leon Brittan, trade and industry secretary, told the House of Commons that the British government was "not bound" by the recent National Armaments Directors' of the UK, France, West Germany and Italy recommendation that certain helicopter requirements should in future only be met solely by aircraft designed and built in Europe.

The second came last Thursday when the Prime Minister at Question Time made it clear that defence procurement decisions were "the responsibility of the government as a whole," a move which appeared to rule out any attempt by Mr Heseltine to sweeten the European offer through MoD orders.

Despite the war of words, the test will be how the Westland board, its bankers, and, most importantly, the shareholders view the respective cases.

As one major institutional shareholder put it yesterday: "in the last resort, it comes down to hard cash and firm guarantees on the future of Westland.

The political argument is just a distraction."

And James Buxton looks at the 'Libyan connection'

FIAT'S proposed participation in the Westland rescue has come under fire in the House of Commons because of the Italian multinational's "Libyan connection."

The Libyan government's stake in Fiat, held by the Libyan Arab Foreign Investment Company, amounts to about 14 per cent. But it is not new: the original stake of 9 per cent was acquired national publicity in December 1976, when Fiat was seriously short of capital and the Opec states were seeking overseas investments.

Since then, the Libyan Arab Foreign Investment Company, interest has been increased, and now amounts to 15.19 per cent of Fiat ordinary shares and 13.08 per cent of Fiat preference shares.

The Libyan have always subscribed to capital increases. The Libyan institutions have for nine years been the biggest sigle shareholders in Fiat after IFI, the holding company controlled by the Agnelli family, which has 31 per cent.

The Libyans have two two members on the board of Fiat. But the Libyan institutions have never been involved in either strategic decision-making or the day-to-day management of Fiat, and both the company and knowledgeable outsiders stress that the relationship between the Libyans and Fiat is purely financial.

Observers here point out that the Libyan connection has never prevented Fiat from doing business either with the US government or with US companies in sensitive fields such as defence.

For example, Fiat has a controlling interest in Italy's largest rocket and munitions company, Snia BPD, which is involved in US contracts. Fiat is also working with Rolls-Royce on the RB 199 engine for the new Tornado jet.

Under the Sikorsky/Fiat bid for a stake in Westland, Sikorsky would take 15 per cent of Westland and Fiat 14.9 per cent.

There have been persistent reports in recent weeks that the Libyan/Arab Foreign Investment Company is discussing the possible disposal of its stake in Fiat.

The Libyan stake in Fiat has never been a serious political issue in Italy.

At the time it was taken, it caused a jump of more than 20 per cent in Fiat shares on the Milan stock exchange, and the only objection to it came from the left-wing of the Italian political spectrum.

Albert Fisher expands in US with purchase of Ziff

BY MARTIN DICKSON

Albert Fisher, the fast-growing fruit and vegetable distributor, yesterday announced a major expansion of its US interests with an agreement to buy Ziff, a disposable paper and plastic products distributnr, for between $15m (£10.4m) and $20m.

Fisher, which raised £14m through a one-for-three rights issue in October, said the acquisition was an important step towards its goal of distributing a range of food and other products to customers throughout the US. It wanted to cash in on a trend among retailers towards "one stop buying"—purchasing a variety of goods from a single wholesaler.

Ziff markets and distributes disposable paper and plastic products to the food service industry in the north-east of the US.

The family owned company employs 175 people and its product range includes paper and plastic cups, plates and cutlery, towels and food containers. It is claimed to be the leading distributor of such products in its area, which comprises New York and the six states in New England. Ziff has seen its net profits rise from $1.12m on turnover of $20.34m in 1981 to $3.7m on $31.28m turnover in 1985.

Fisher will pay an initial $15m for Ziff—$13.5m in cash and the balance with an issue of 806,000 new shares, which the vendors have agreed not to sell for two years. Depending on future profits performance, the total consideration could reach $20m. Ziff's net tangible assets last June totalled $8.4m.

James Ferguson plans £0.6m share placing

James Ferguson Holdings, a loss-making knitwear, property and financial services group, announced plans for a £600,000 share placing and the acquisition of a property company controlled by its recently appointed chairman, Mr David Mitchell, and chief executive, Mr Guy Cramer.

Mr Mitchell and Mr Cramer took over at the head of the group last July after Cramer (Holdings), a Bradford-based investment company, acquired 11.75 per cent of Ferguson's capital. At the time, they promised a review of the group's activities.

Ferguson shares were suspended in September at a price of 12p pending a "substantial acquisition." The company said yesterday it planned to return to a listing from January 15.

It proposes to buy Property Pension, which is controlled by the interests of Mr Mitchell and Mr Cramer, for a consideration of 8.5m new ordinary 10p shares in Ferguson. Property Pension's interests include a freehold property in Scarborough, the Futurist Complex, valued at £965,000 by St Quintin, chartered surveyors.

The company is also placing 6m new ordinary shares at par through Rensburg. Following the acquisition and placing, former shareholders of Property Pension will own 48.16 per cent of the enlarged group's share capital. The net asset value will be 5.2p a share, compared with a deficiency of 2p a share at September 30.

Ferguson also produced its results for the year to last March, showing a pre-tax loss of £172,000 (£179,000) on turnover of £413,000 (£607,000). There is a loss per share of 2.84p (4.69p).

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Full support for Exco plan

By Charles Batchelor

Exco International, the money broking group, yesterday won overwhelming shareholder support for its plan to untangle its joint ventures with British & Commonwealth Shipping, the transport and financial services group.

Shareholders voted unanimously in favour of the plan at an extraordinary meeting, while a subsequent count of proxies cast showed the owners of 72.9m shares in favour with just 103,000 against.

Votes in favour amounted to 31 per cent of the equity with just 0.04 per cent against. Even if Tan Sri Khoo Teck Puat, the Malaysian businessman who has built up a 26.5 per cent stake in Exco, had voted against the deal it would still have been carried.

Tan Sri Khoo agreed last week to abstain from voting on this issue after Exco met his wish for three boardroom seats, including the deputy chairmanship for himself.

Exco is exchanging its 50.1 per cent holding in Gartmore Investment Management, and a 40 per cent stake in a small venture capital company, Fledsc, for B & C's 30 per cent holding in London Forfaiting Company.

Exco's shares were unchanged at 203p yesterday.

May & Hassell recovers and returns to profit

AFTER incurring losses of £1.02m in the second half last year, May and Hassell, Bristol-based timber importer, staged a recovery in the six months to September 30 1985 and returned pre-tax profits of £152,000. In the corresponding period last year the group had profits of £1.1m.

Mr Peter Atley, the chairman, says that in view of the difficult circumstances over the past 12 months, the directors have decided not to pay an interim dividend—1.6p last time—but, barring unforeseen circumstances, a final dividend will be paid. Last year's final was 2.15p.

Stated earnings per 25p share fell from 9.6p to 1.6p in the six months under review.

Mr Atley says in the short-term margins are improving; the October and November management accounts are encouraging and, depending on the winter, the second half year's trading will be better.

In the medium term, 1986 and 1987 are promising. Stocks are in balance. He says further rationalisation costs will be incurred, but these will not be exceptional. Stability in exchange rates would provide more confidence.

Group turnover in the first half rose from £42.94m to £46.41m, but there was a fall from £2.37m to £2.18m in operating profit. Interest payable increased from £1.27m to £2.03m. No tax (£200,000) was payable. Profit available for appropriation was £152,000 against £881,000.

● comment

The most encouraging thing about May & Hassell's interim results is that they are not quite as disappointing as Brownlee's, or Phoenix Timber's. In a difficult six months in which the strength of the pound crushed already depressed margins, May & Hassell managed to get away with only a small reduction in operating profits. Its results make sorry reading but no worse than the market had been anticipating and the shares held steady at 99p. The increase in turnover came entirely from the bunching of revenues from Vic Hallam's Falklands contract, while the other manufacturering subsidiary, Allan Brothers, barely broke even on lower turnover, which was depressed by a slowdown in Government expenditure. Meanwhile, the high level of borrowings is more of a problem than ever at nearly 150 per cent of shareholders funds. This ill-equips May & Hassell to deal with any adverse movement in interest rates or in currencies, or any further set backs from its subsidiaries. Barring any such calamities, however, profits of about £750,000 this year seem within reach, implying a p/e ratio of 14. The rating owes much to extravagant hopes of a bid from Deltec Securities, which owns about 15 per cent of the shares.

هكذا من الأصل

Lower oil prices

From Mr M. Roberts.

Sir—By concentrating attention on the purely fiscal implications of lower oil prices, the Chancellor risks diverting attention from the broader implications for economic policy. While it is true that, given an arbitrary target for the PSBR, a reduction in oil revenue will reduce the room for tax cuts, the fall in the oil price could prove a blessing in disguise.

In particular, the Chancellor now has a golden opportunity to take the UK into full membership of the European monetary system without sacrificing the anti-inflation strategy. Such a favourable background for entry is unlikely to recur before the next election.

Suppose the oil price drops to $20 by the spring. Our model of the economy, whose properties are not dissimilar to those of the Treasury's model, suggests that this will bring the pound down to $1.30 and DM 3.30 unless offsetting action is taken.

But offsetting action is neither necessary nor desirable. The drop in the rate against the dollar will allow about three-quarters of the loss in oil revenue to be made up in sterling terms and tax cuts need not be abandoned.

Equally important, a fall in the rate to DM 3.30 will at long last bring a "competitive" rate against the European countries who are now by far the UK's largest export market. Having striven—without conspicuous success—to improve the competitiveness of industry, the Organisation of Petroleum Exporting Countries might do the job overnight.

A pre-emptive move into the EMS at DM 3.30 would bring lower interest rates. German short term rates stand at 5 per cent, compared with UK rates of 11½ per cent or more. Even if current or expected inflation is taken into account, UK interest rates are incomparably higher. Entry into the EMS would necessarily bring UK rates down at least two percentage points.

But the real clincher is this. A lower oil price and lower interest rates would almost counterbalance the impact on retail price inflation of a fall in the exchange rate. Under normal circumstances the inflationary risk of entering the EMS at a lower exchange rate would be low; against the background of continuing world disinflation there is no risk at all. Simulations on our model suggest that, even at DM 3.30, retail price inflation will not rise above 5½ per cent at any point during the next two years.

It would be a mistake to resist the impact of lower oil prices on the exchange rate; this much is well recognised. But it would also be a mistake for the rhetoric of the anti-inflation stance to impede the transition to the post-oil era. Opec has provided a taste of things to come, and the Chancellor's best response will be to take the UK into the EMS at a lower exchange rate as quickly as possible.

Malcolm Roberts,
(Chief economist),
Laing and Cruickshank,
7 Copthall Avenue, EC2.

Letters to the Editor

Copyright theft

From Mr M. Deeley

Sir,—People I know "own" pirated copies of films I have produced such as Bladerunner, The Deerhunter, The Italian Job and The Man Who Fell To Earth. All, apparently, titles popular for people to copy from rented videotapes or television. This is widespread and since there is practically no social or moral disapproval of it, it is increasingly regarded as acceptable behaviour.

But the truth is that such copying is copyright theft and, save for the secrecy with which it can be achieved, is no different from any other theft.

Absent any better method of compensating those who have invested time, money and talent in making films, TV shows or music recordings, surely the imposition of a levy on blank tape is the fairest way of returning income depleted by copytheft.

Mr Bradbury Williams's letter of December 12 details a most trivial example of how such a scheme might minutely disadvantage a few tape users. It is widespread copytheft that has to be addressed.

Michael Deeley,
56 Ennismore Gardens, SW7.

Pension fund workings

From Mr D. Wilkinson

Sir,—Mr G. Keating (December 17) stated, "Both should consider the true valuation of the fund, based on current market value of its assets . . .".

Once more, he has misunderstood the workings of pension funds, and I should like to set out for him, in his own language of econometrics, some good reasons for not using the current market value.

The assets' market value is the totality, over all stocks held, of the amount of each stock multiplied by its current market price. The current market price is that which equates marginal sellers with marginal buyers. It is not the price which would obtain if the whole fund were sold.

Any stock's market price is determined by the generality of (marginal) investors dealing in that stock, having a spectrum of differing taxation, security, matching, marketability, immediate yield and other requirements. The requirements of a given pension fund are particular. It is nonsense to assume that the value of a stock to a fund is the same as that to the average investor.

Different pension schemes have different needs. For the scheme about to wind up and purchase annuities in the open market, the current market value is the appropriate measure of any surplus. For the 99 per cent of schemes not just about to wind up, however, it is irrelevant to the long term funding. Far more important is the expected future dividend stream, its growth, and the reinvestment yields obtaining at future dates.

Stock market prices may fluctuate without a corresponding change in the scheme's long term liabilities. The prudent long term financial planning of the scheme should not be unduly influenced by current price volatility. By Mr Keating's own argument, the surpluses he perceives would disappear in a re-run of 1974.

David Wilkinson.
67 Orchard Road,
Southsea, Hants.

Hearing patent actions

From the Chairman,
Patent Solicitors Association

Sir,—In his article on December 5 Dr A. H. Hermann raised a number of interesting questions, many of which have been the subject of extensive debate within interested circles, not least within the Government's standing advisory committee on patents.

One proposal, "that any patent action should be heard and decided by the Patent Office" has been the subject of no such debate. The proposal was first put forward by Mr P. R. B. Lawrence, president of the Chartered Institute of Patent Agents, as his own private suggestion in the journal of his distinguished institute. That suggestion has since been adopted as official policy of his institute, but, I repeat, has not as yet been the subject of any debate in interested circles or in the standing advisory committee.

The correspondence in your columns since publication of Dr Hermann's article might suggest to the uninformed reader that there was a body of general public opinion in support of the proposal. With respect to your correspondents, however, I would suggest that a declaration of interest would have presented your readers with a fairer picture. Lest there should be any doubt about the matter, the letters you published on December 10, 14, 18 and 19 were all from chartered patent agents, in various ways supporting their president's (quite open) letter of December 11 on the same subject.

The proposal concerning patent litigation now adopted by Dr Hermann is radical, and has potentially far-reaching effects, of which the possibility of reducing the direct cost of litigation is only one. What we as solicitors find surprising is the suggestion that the Government should be invited to put forward proposals in a White Paper without first hearing representations from all interested parties. Further, those representations require rather more exhaustive treatment than is possible through the correspondence columns of even your respected paper.

C. P. Tootal.
35-37 Cannon Street, EC4.

Honorable callings

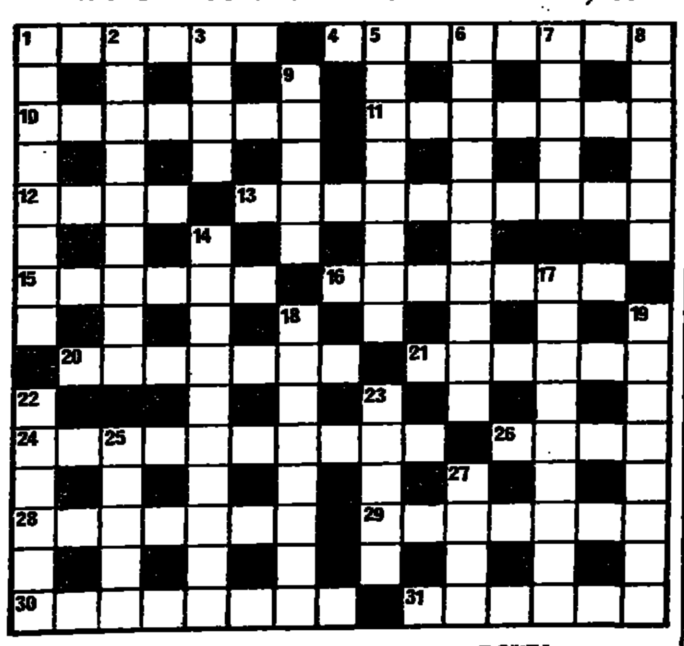
From Mr P. O'Shea

Sir,—You reported under "Grant switch will aid London" (Dec 18) about the Environment Secretary's switch of £100m to London so that he can present abolition of Greater London Council as the cause of lower rates for next year. Watching the Leader of the House of Commons that day on TV we heard him speak of his opposition to a compulsory register of members' interests on the ground that the members' traditions of honour were sufficient for the purpose. And then I wondered what honour means and my thought passed to morality and I got very confused.

It occurs to me that Parliament has thought fit to enact laws and professional organisations have deemed it necessary to lay down codes of conduct that place stringent restrictions on persons engaged in the professions with a view to ensuring honourable conduct. Presumably lawyers, accountants, doctors, company directors and many others cannot be trusted always to act honourably but members of Parliament (of course, with a few exceptions) can.

P. J. Pace O'Shea.
13 Westchester Drive, NW4.

F.T. CROSSWORD PUZZLE No. 5,906



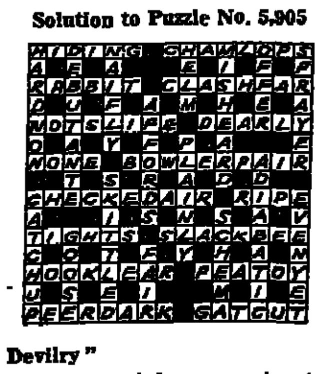
ACROSS

1 Caesar's on the beach: he is always up early looking for shellfish (6)
4 Thin Man would find KG ban (at Ham) of idiots, and M15 worst of the three (8)
10 One must still play on: Ron, 'e will be put out to grass (7)
11 As far as I can't elude, is a measure of oscillation, but I'd like to be further illuminated (4-3)
12 A lord wears a furca—mine, presumably (4)
13 I find bread, meat, and mud ant, but there isn't much cake (7,3)
15 Cake at a picnic (ha!) saw an—er—ally (6)
16 Commission has produced Botha fille—vision programme (7)
20 Master wouldn't let us have a plum tart, so weary pie (7)
21 Painter takes turps and soap and water, and jolly goods cues (6)
24 We need the sprint urn or we'll never grow enough to fill our barn (5, 5)
26 Mark of conservative—he'll keep the old and did the new (4)
28 Kind of art I end to like and women to hate (7)
29 Theatre. Ma? Nag, ere to take one's seat before the curtain goes up (7)
30 Obviously if you're looking for someone top ("U"), tut! Ham is better than Blackpool (8)
31 When one in a fret's a stick-in-the-mud he may prove to be a catalyst (6)

DOWN

1 Bashful, silly, and woolly? (8)
2 Pupil at centre left after eating (5,4)
3 Left something to drink (4)
5 Whisky leads one to be idle: you need food (4,4)
6 Summary effect of mice on dump (10)
7 Improvise publicity for political party? (2-3)
8 Surviving navigational instrument with no top (6)
9 Girl, follower of Philo? (5)
14 Old charity: Possibly recognisance is lacking (3,7)
17 Ache again, perhaps, in attempt at disloyalty (9)
18 Peg's lot's dry (8)
19 Alienate from sergeant (8)
22 It holds what's been laid (3-3)
23 Coarse cloth in collision (5)
25 Turn off a green? (5)
27 Architect of nest? (4)

Solution to Puzzle No. 5,905



"Printer's Devilry"

Across clues each consist of a sentence (whose meaning is irrelevant) from which the solution has been omitted, the gap closed up, and spacing and punctuation sometimes altered: each clue begins or ends with a definition-type clue to the solution. For example: "Armed? Wire Llanelli: 'e set out to get a lift (5):" solution is THUMB (=to get a lift), the full sentence being "Armed wiTH UMBrella, Nellie set out to get a lift." Downs are normal.

APPOINTMENTS

Laporte chief executive

Mr R. M. Ringwald, executive chairman and chief executive of LAPORTE INDUSTRIES (HOLDINGS) is relinquishing the role of chief executive from January 1. Mr K. J. Minton, the current managing director, will be appointed chief executive from the same date and Mr Ringwald will continue as chairman.

★

Prior to joining Treasury in April, Mr Ross Goobey is joining James Capel & Co. in the New Year as an international investment strategy consultant.

★

Mr Alastair Ross Goobey will be appointed special adviser to the Financial Secretary on April 1 in succession to Mr Howard J. Davies who will be returning to McKinsey and Co Inc, London. Mr Ross Goobey joined Kleinwort Benson in 1968 as a graduate trainee doing research. In 1972 he was appointed investment manager at Hume Holdings and in 1977 became pensions investment manager at Courtaulds. From 1981 to 1985 he was a director of Geoffrey Morley and Partners. Mr Ross Goobey stood as a Parliamentary candidate for the Conservative Party in the 1979 General Election and acted as an aide to the Chancellor, Mr Nigel Lawson, in the 1983 election. He has held several offices including director of the Scottish Life Assurance Company.

★

JOHN TOWNSEND UNDERWRITING AGENCIES has appointed Mr Nicholas Paterson-Morgan as a director.

★

PPP (PRIVATE PATIENTS PLAN) has appointed Viscount Boyne to the board from January 1.

★

Mr Curtis R. Troeger has been appointed chairman and chief executive of DOREMUS & CO from January 1.

★

Mr Christopher Dollard and Mr Harry Spencer-Smith have been appointed directors of CHARLES BARKER CITY and Mr Bill Grandy has become an associate director.

★

C. T. BOWRING & CO has appointed Mr Philip L. Wroughton as a deputy chairman and chief operating officer from January 1. He will join the boards of Bowring UK and C. T. Bowring & Co (Insurance) while retaining chairmanship of C. T. Bowring Reinsurance and his directorship of Winchester Bowring. Mr Charles Cullum and Mr Hady Wakefield, who are currently deputy chairmen of C. T. Bowring Reinsurance, will be appointed joint chief executives of that company from January 1.

★

EXETER TRUST has appointed Mr Sidney Procter and Mr Christopher Halliday to its board.

★

Mr Peter Dodson has been appointed chairman and Mr Michael Gribben managing director of the marine division of JARDINE GLANVILL. Mr Gribbin was formerly group development director at Jardine Insurance Brokers Group head office.

★

IMPERIAL CONTINENTAL GAS ASSOCIATION has appointed Mr Michael Rendle, formerly a managing director of the British Petroleum Company as a non-executive director from January 1. Mr David Mitchell, managing director of the Calor Group and a member of the IC Gas executive committee, will also join the board on the same date.

★

DAVIES & METCALFE has appointed Mr Richard Hayes Metcalfe as assistant managing director.

★

Mr David Thompson has been appointed managing director of THE WOLVERHAMPTON & DUDLEY BREWERIES from February 3 when Mr E. J. Thompson will retire as managing director, but will remain chairman.

★

From January 1 UK PROVIDENT has made the following appointments: Mr R. S. Bignell, general manager (management services) and actuary; Mr D. T. Flint, general manager (agency and marketing); and Mr J. J. Gunning general manager (investments).

★

DEWEY WARREN HOLDINGS has appointed Mr A. Pointing to the board. He has been a member of the operating company board for the past three years and has worked for Dewey Warren since 1977.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	110.0	116.3	+0.2	10.32
High Inc Equity	76.7	81.5		6.07
Worldwide Bond	159.5	170.9	−0.7	5.08
Capital Growth				
American Growth	141.8	150.8	+0.2	2.35
Asian Pacific	43.9	47.0		2.64
Assets & Enrgy. Tt.	79.9	85.4	+0.1	1.71
Capital Reserve	60.4	61.1	+0.1	—
Commodity & Engy	64.8	69.6	+0.8	1.72
European Capital	64.3	68.4	+0.5	2.19
General	117.3	125.4	+0.1	3.30
Japan	52.2	56.1		—
Mastertrust	49.4	52.8	+0.3	1.92
UK Growth Acc Units	104.5	112.3	+1.2	—
UK Growth Dist	71.0	76.4	+0.8	1.96
U.S. Emerging Co's	53.5	57.2	−0.2	0.45
Equitas Prog	169.8	181.0	+0.4	3.37

Aitken Hume
30 City Road, London EC1Y 2AY 01-628 6626

American Tech Fd.	96.5	103.1	−1.1	—
Pacific Fd	116.0	124.0	−0.6	0.20
Secured Income Fd	142.4	152.3	+0.4	5.50
Special Sits	158.0	169.0	−2.0	1.56
Energy Fd.	26.7	28.4		0.60
American Mngmt	61.7	65.9	−0.3	1.56
Small Co's Fd	30.7	32.6	−0.1	1.97
Jap. Technology	62.5	66.8	−1.2	0.10

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg 01-236 3885

International Growth	108 9	116 0		1 30
Income & Growth	43 9	46 7	+0 2	2 8
Special Situations	57 0	61 0	-0 4	1 20
American Growth	28 7	30 5		1.50
Japan Growth	35 8	38 1	-0 1	–
European Growth	47 0	51 1	+0.5	2 50
UK Growth	43 7	46 7	+0.4	1 4
Pacific Growth	32 8	35.0	-0 3	2 0
High Income	29 7	31 7	+0 3	7 6
Practical Income Units	44 0	46.8	+0 1	2 70
Practical Accum Units	79 0	84 1		2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB — 01-405 8441

Pearl Growth Fd	70 0	74 5	+0 1	2 86
Accum Units	103 5	110 1	+0 1	2 86
Pearl Inc	115 7	123 0	+0 2	4.85
Pearl Unit Tst	101 6	108 1	+0 2	3 81
(Accum Units)	174 0	185 1	+0 2	3 81
Pearl Intl Equity	99.5	105 8	+0 4	1.89
(Accum Units)	99.5	105 8	+0 4	1.89

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

International Growth	218.5	232 9	+1 4	1 41
Income	152 1	162 9	+0 8	5 36
Worldwide Recovery	129 2	137 0	+1 2	2 14
American Growth	60 8	65 3	+0 1	1 08
Intl Emerging Cos	64 8	69 6	+0 1	0 73
Far East Growth Fd	53 6	57.5	-0 5	1 14

Prolific Unit Trusts
222 Bishopsgate, London EC2 — 01-247 7544/7

Prolific American Inc	48 6	51 6		4 98
Prolific Far East	113 3	121 8	-0 3	0 27
Prolific Extra Inc	65 9	69 9	+0 2	5 88
Prolific Convert & Gilt	82 2	87 2	+0 3	7 22
Prolific High Inc	140 5	149 0	+0 5	5 11
Prolific Intl	89 7	96 5	+0 1	1 87
Prolific N. Amer	119 2	128 2	+0 4	1 99
Prolific Spec. Sits	153 7	165 0	+0 4	1 50
Prolific Technology	102 8	110 6	+0 6	0.56

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG — 01-749 9111

Capital Inc	54 7	57 9	-0 2	0.00
Capital Acc	54.8	54 0	-0 3	0 00
Worldwide Inc	55 7	59 4	+0 1	1 66
Worldwide Acc	56 1	59 6	+0 1	1 66
European Tst Inc	67 0	71 0	+0 7	0 76
European Tst Acc	67 3	71 3	+0 8	0 76
North American Inc	51 9	55 0	-0 1	1 74
North American Acc	51 9	55 0	-0 1	1 74
UK Equity Inc	54 3	57 5	+0 1	2 86
UK Equity Acc	55 5	58.8	+0 1	2 86

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA — 01-588 3963

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 6010

American Growth Acc	24 9	26 5	+0 1	1 9
American Income Acc	25 7	27 3		4.6
American Income Inc	25 7	27 3		4.6
European Growth Acc	37 2	39 6	+0.4	2.2
Far East Growth Acc	27 7	29 5	-0.2	0 8
Int. Growth Acc	26 9	28.6	-0.2	0 9
Japan Growth Acc	34 0	36 2	-0 4	0.3
UK Growth Acc	29 0	30 8	+0.1	2 4
UK Income Acc	26 4	28 1		4 4
UK Income Inc	26 4	28 1		4 4
Managed Growth Acc	35 1	37 0	-0 1	2 3
Managed High Yield Inc	32.1	34 1	-0 1	6 9
Managed Income Inc	27.2	28 9	-0.1	4.3

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450161

Equity Dist *	232 3	245 8	3 90
Equity Acc *	279.5	295 7	3 90
Fixed Int. Dist †	116.0	120.7	11.25
Fixed Int. Acc †	170.2	176.3	11.25

*Prices on Dec 11. Next dealing Jan 8
†Prices on Dec 4. Next dealing Jan 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 — Dealings to 0264 63432-3

TSB American	100 5	107 9	-0 1	1 26
Do Accum	104 7	111 4	-0 1	1.26
TSB Extra Income	88 4	94 1	+0.3	6.09
Do Accum	101 8	108 3	+0 3	6 09
TSB General	135 9	142 8	+0 8	3 07
Do Accum	217 4	231 3	+0.5	3.07
TSB Gilt & Fxd Int.	46 6	48 6	+0 1	9 15
Do Accum	58 4	60 9	+0 1	9 15
TSB Income	175 0	186.2	+0 6	4.89
Do Accum	268.7	285 9	+1 0	4 89
TSB Pacific	110.6	117 7	-1.1	0 58
Do Accum	113 3	120 6	-1 2	0 58
TSB International	250 7	266 8	-0.2	1.85
Do Accum	307 8	327.5	-0 2	1 85
TSB Natural Resources	41 6	44 3	-0 1	2 23
Do Accum	42 4	45 2		2.23
TSB Scotl. Opps.	48 7	51 9		2.30
Do Accum	53 0	56 4	-0 1	2 30

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 3356

Small Co's Fund	67 0	71 2	0 40

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks — (0296) 5941

American Eagle	69 3	74 1	-0 1	0 47
Australia	27 1	28 9		0 10
Commodity	74 3	79 9	+0 2	2 20

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Property	106.9	112.7		
UK Equity	139.8	147.2		
American	131.1	138.1	+0.6	
Pacific	115.0	121.2	-1.3	
European	158.1	166.6	-0.5	
International	128.8	139.7	+1.1	
Fixed Interest	105.4	111.0	-0.4	
Index Linked	98.1	103.3	+0.5	
Deposit	106.4	112.1	-0.3	
Managed	122.5	129.0		
Pens. Property	112.6	118.6	-0.1	
Pens. UK Equity	149.2	157.1		
Pens. American	137.5	144.9	+0.8	
Pens. Pacific	118.6	124.9	-1.5	
Pens. European	170.4	179.4	-0.7	
Pens. International	135.9	143.2	+1.3	
Pens. Fixed Int.	111.1	117.0	-0.5	
Pens. Index Linked	101.6	107.0	+0.3	
Pens. Deposit	114.6	120.7	-0.3	
Pens. Managed	129.8	136.7	+0.1	

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041-248 6321

Flex End Nov 15	660.2	680.6
Pen Mngd Sept 30	421.1	434.1

Scottish Mutual Investments
109 St Vincent St, Glasgow 041 248 6321

Safety Fund	102.8	108.3	
Growth Fund	102.2	107.6	
Opportunity Fund	104.8	110.4	
Cash Fund	98.7	103.9	
European Fund	129.6	136.5	
Gilts & Fxd Int Fund	110.7	106.1	
Index-Linked Fund	94.4	99.4	
International Fund	107.1	112.8	
North American Fund	94.2	99.2	
Pacific Fund	107.4	113.1	
Property Fund	98.7	103.9	
UK Equity Fund	102.4	107.8	
UK Smaller Cos. Fund	106.2	111.8	
Pens Safety Fnd	96.4	101.5	3.25
Pens Growth Fnd	97.6	102.8	
Pens Opportunity Fnd	98.2	103.4	
Pens Halifax Fnd	96.5	101.6	
Pens Cash Fund	96.3	101.4	
Pens European Fnd	110.2	116.1	
Pens Gilt/Fxd Int Fnd	94.1	99.1	
Pens Index-linked Fnd	94.7	99.7	
Pens International Fnd	105.0	110.6	
Pens Nth American Fnd	108.0	113.7	
Pens Pacific Fnd	100.5	105.8	

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

Managed Acc.	344.5	362.7	+1.0	
Property Acc.	205.4	216.3	+0.1	
Equity Acc.	476.9	502.0	+1.2	
Fixed Interest Acc.	189.4	199.4	+0.4	
Index Linked Acc.	105.7	111.3	-0.1	
Cash Acc.	171.9	181.0	+0.1	
American Equity Acc.	176.9	186.3	+0.2	
U S Bonds Acc.	108.3	114.1	+0.3	
Japan Acc.	134.5	141.6	-0.6	
Pacific Acc.	103.2	108.7	-0.5	
Far Eastern Acc.	268.8	283.0	+2.7	
International Acc.	261.1	274.9	+1.7	
U S Dollar Acc.	97.4	102.6	-0.5	
Yen Acc.	104.2	109.7	-0.2	
European Currency Acc.	102.1	107.5	-0.1	
Distribution	144.5	152.2		4.92

Sun Life Pensions Management Ltd
(funds for individual pension contracts)

Pens. Managed Acc.	349.0	367.4	+1.3
Pens. Property Acc.	167.3	176.2	+0.1
Pens. Equity Acc.	448.4	472.1	+1.7
Pens. F Interest Acc.	183.1	192.8	+0.6
Pens. Ind Lnkd Acc.	104.5	110.0	-0.3
Pens. Cash Acc.	178.9	188.4	+0.1
Pens. Amer. Equity Acc.	148.3	156.2	-0.2
Pens. U S Bonds Acc.	123.2	129.7	+0.4
Pens. Japan Acc.	143.7	151.3	+0.2
Pens. Pacific Acc.	128.5	135.3	-0.6
Pens. Far Eastern Acc.	400.7	421.3	+2.1
Pens. Internat. Acc.	341.1	359.1	+2.9
Pens. U S Dollar Acc.	102.8	108.3	-0.5
Pens. Yen Acc.	112.1	118.1	-0.4
Pens. Euro Curr Acc.	105.0	110.6	-0.1

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

Equity	£191.70	197.62
Fixed Int.	£138.35	139.08
Index Linked	£108.61	109.15
Property	£155.54	160.35
Cash	£126.51	126.51
Mixed	£180.24	185.81
International	£156.58	161.43

Next sub day Jan 28

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

Managed Fund	126.8	133.6	
Property Fund	114.6	130.8	
Fixed Int Fund	117.1	123.4	+0.2
Money Fund	111.7	117.7	
[illegible]			

OFFSHORE AND OVERSEAS

Save & Prosper International
PO Box 73, St Helier, Jersey 0534 73933

S.G. Warburg & Co. Ltd. and subsidiaries
33 King William St, EC4R 9AS 01 280 2222

Scandinavian Bk Fd Mgrs Ltd

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2

Wardley Fund Managers (Jersey) Ltd.

Wardley Investment Services Ltd.
6th Floor, Hutchison House, Hong Kong

WestAvon Secs. (Guernsey) Ltd

World Bond Fund

Money Market Trust Funds

Money Market Bank Accounts

NOTES

OPTIONS
3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page.

US gears up for export drive but farmers still face bankruptcy

President Reagan yesterday signed into law a 5-year Farm Bill which will win his party few friends in the agricultural states. Nancy Dunne explains why

WHEN A financially desperate Iowa farmer shot dead his wife, his banker, a neighbour and himself two weeks ago, the tragedy provided a blood-curdling demonstration of the shake-out under way in the US farm belt.

There are fears that the violence will spread as thousands more farmers go broke and the banks which have funded them over the years fail and merge. *The US Congress debated and* haggled for months, but with no clear consensus on alternatives it was unable to produce a Farm Bill which will save the most deeply indebted farmers.

In the end Congress faced two alternatives: the Administration's long-term export-orientated policy with lover levels of price supports or a scheme, favoured by many farmers, *which would severely limit pro*duction in order to raise prices. Congress tried to do a little of both, but the Administration furiously fought off any suggestion of mandatory production controls, which would rebound on the already suffering agribusiness sector. When the legislation emerged from a conference committee, the one mandatory acreage control provision to pass either house—calling for a wheat referendum—had been made subject to the approval of the Agriculture Secretary.

In fact, the many new authorities granted to the Agriculture Secretary is one of the more *striking aspects of the legisla*tion — especially considering that the current secretary, Mr John Block, has presided over the farm programme during its four worst years since the great depression.

Under the Bill, basic initial loan rates for grain will sink to \$3 a bushel for 1986 wheat and \$2.40 for 1986 maize compared with \$3.30 and \$2.55 respectively at present. They can drop *still* more from *1987* on, according to a formula *linked to past market prices.* And the secretary of agriculture has the authority of dropping the loan rates below those set by law if he decides that such cuts are needed to compete in world markets.

Senator Jesse Helms, chairman of the Senate agriculture committee warned that the Bill "sends a clear and unmistakeable message to countries which have been using export subsidies to unfairly increase their share of world markets."

The secretary also has been granted limited authority to determine how much acreage will be set-aside. With wheat, for example, if carryover stocks exceed 1bn bushels, then at least 15 per cent of a farmer's land must be taken out of production to qualify for benefits. However, the secretary can order a 25 per cent set-aside with 2.5 per cent of the diversion paid for with commodities from government stocks.

The secretary also has the discretionary authority to offer a "target option programme" under which a farmer would be paid higher subsidies for *taking more land out of produc*tion. Or Mr Block can select another plan with varying subsidy levels designed to concentrate benefits on medium-sized farms.

While landing the Secretary with all kinds of schemes he probably will ignore, the Congress refused to grant him the large cutbacks in target prices (which set subsidy levels) that he had requested. Congress kept target prices at their current levels (\$4.38 a bushel *for wheat and \$3.03 a bushel* for maize) for the next two years and then allows them to drop gradually by 10 per cent from 1988 to 1990.

Thus, the Secretary can virtually do what he wants with loan rates as long as he is prepared to pay for the higher subsidies. But, warned Mr Kika de la Garza, chairman of the House of Representatives Agriculture Committee: "This will not be the last word in government farm policy over the next few years. Congress has also adopted a new deficit reduction law which may force cuts in the farm programme . . . we will have to keep the situation under continual review."

While many farm state congressmen are acknowledging that, despite the bill's staggering costs—\$52bn over three years for commodities alone—it barely holds the line on *farmers benefits. In many of its* confusing and contradictory provisions, "it puts one foot on the accelerator and one on the brake at the same time," said one Department of Agriculture economist.

Still, the legislation is being proclaimed—and in many respects it is an historic break from the past. It will reduce government income and price supports or the first time since the 1930's. It will establish a long-term conservation reserve, paying farmers to shift some production off 40-45m acres of "fragile" lands.

It will also mean the beginning of a new government stock-ple. The secretary is required *to implement an 18 month herd* buy-out programme for dairy farmers wanting to get out of the business.

The bill may have profound political implications as well. Key Senate seats now held by Republicans, may go to Democrats in next year's congressional election—ending six years of Republican control and President Reagan's mastery over congress.

● The passage of the US Farm Bill was described as "disastrous news" for Australian farmers by Mr John Kerim, the Australian Ministry for Primary Industry, **writes Michael Thompson-Noel in Sydney.**

Australian exports of beef, grain and sugar will be particularly affected.

"Of special concern to Australia is the required use of \$2bn in commodities over three years for the so-called Export Enhancement Programme," said Mr Kerim.

Subsidised US sales of farm *goods have already sparked* numerous protests by Canberra.

The Queensland Cane Growers' Council said the US action was "highly provocative and a disaster for the industry."

An economist at the Australian National Farmers' Federation, Mr Garry Gaucher, said the US Bill was the "worst of all possible outcomes" for Australian farming.

The real net value of Austra*lia's farm production is already* expected to plummet by 26 per cent in 1985-86, following a fall of 19 per cent last year.

Total Australian farm exports in 1985-86 are expected to be virtually unchanged at \$10.5bn, thanks to higher earnings from wool and meat.

But farmers say they are being viciously squeezed by higher costs, lower world prices, and rampant protectionism.

Fresh ITC rescue plan proposed

A NEW scheme for rescuing the International Tin Cocncil (ITC) has been put forward by a leading banker and a leading metal broker, both acting in their personal capacity, reports Reuter.

Mr Peter Graham, senior deputy vice chairman of *Standard Chartered Bank, con*firmed that he and Gerald Metals' joint managing director Mr Ralph Kestenbaum had proposed a new rescue plan to banks, brokers and member countries of the ITC.

Bankers, traders and ITC delegates said the plan envisaged a new company owned by bankers and brokers, with a risk capital of some £270m, buying up the ITC stocks and *slowly releasing them onto the* market over the next three years.

The sources said ITC member states would be freed from all their obligations to the ITC by making contributions totalling some £200m.

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes during week ending last Friday)

	(tonnes)
Aluminium	+2,950 to 223,150
Copper	−3,900 to 187,650
Lead	+1,500 to 60,150
Nickel	+1,326 to 6,486
Tin	+1,425 to 57,945
Zinc	+225 to 31,025
	(ounces)
Silver	+16,000 to 51,172,000

Soviet orders lift UK barley

BY JOHN BUCKLEY

UK BARLEY markets have turned sharply higher over the past week following reports of *a renewed spate of grain* export orders from the Soviet Union and other Eastern Bloc countries. Shippers report that the USSR recently bought at least 327,000 and possibly as much as 400,000 tonnes of UK feed wheat while substantial quantities of barley are believed to have been ordered by both Bulgaria and the USSR. All of the grains would have been from intervention stocks.

Russia has recently been an active buyer in other EEC and US markets. Late last week shippers reported purchases of at least 500,000 tonnes of French soft milling wheat for *Feb/March shipment at* \$130/\$132 fob. This compares with the British feed wheat sale said to have priced at just *\$102 (£71 per tonne). Consider*ing that this grain was probably bought into intervention at around £117, to which must be added delivery and storage costs of a further £13 per tonne, the sale has been an expensive one for Britain, brokers say.

The Soviets have also taken between 300,000 and 400,000 tonnes of French feed barley at undisclosed prices, probably for similar shipment dates to the wheat. In addition 800,000 tonnes of US maize has been purchased for current seasons delivery, bringing total, commitments with that country up to *5.08m tonnes.*

Details of Bulgaria's orders have been harder to pin down since some of the trade could represent nomination of British grain for deals originally struck as "optional" supplier. However, at least 1m tonnes of European barley was originally believed to have been bought by Bulgaria and other Eastern bloc countries who suffered short crops after drought. The recent fall in sterling has favoured further British sales (already running at 130,000 tonnes), especially where MCAs were booked prior to the currency's drop. Based on current commitments of 1.5m tonnes, British barley exports are progressing relatively slowly, however, and are unlikely to *exhaust supplies.*

Rain ruins 30% of Argentine wheat

BY OUR BUENOS AIRES CORRESPONDENT

ABOUT a quarter of the pected Argentine wheat harvest for this season appears to have been ruined by torrential rains that fell on the country's major production areas during October and November.

The projected harvest of between 11m and 13m tonnes has been revised because of the damage and the local grains futures exchange currently expects no more than 8.8m tonnes to be harvested.

Rains in Buenos Aires province, where 65 per cent of this year's wheat crop was sown, have caused widespread downy mildew, smut and rust blights. Some farmers have decided not to harvest their wheat because of low yields and depressed market prices.

Argentina has committed 4.5m tonnes of this year's wheat harvest to exports while a similar amount is needed for domestic consumption. But some analysts believe the harvest, even with reduced yields, will be sufficient for such demand.

"We're going to make it this year—barley but we'll makeit." says grain dealer Guillermo Cavazedo of the private trading firm Bunte y Born. He says private grain operators have turned over 1m tonnes of the harvest, which is half completed, to the Government controlled National Grain Board to meet its foreign commitments.

Some foreign buyers have reduced their planned wheat purchases from Argentina, reportedly because of fears that grain quality as well as quantity has been affected by bad weather.

A cranberry for all seasons

BY MAURICE SAMUELSON

THE CRANBERRY, faithful handmaiden of the Christmas turkey, has had enough. She is tired of always being reduced to a humble, sticky sauce, to be gobbled up only once a year. In stead, this shiny and none-too-common red berry, with the tangy taste, wants to do her own thing and be appreciated in her own right.

The Cranberry Liberation Movement has already begun in the US, where most of them are grown. For the past 10 years, the cranberries have been drifting from the traditional jams and sauces to the more affluent soft drinks industry with its boundless thirst for new flavours..

Now, more than half the *annual harvest of nearly 50,000* tonnes is used for fruit juices, either as pure cranberry or combined with other fruits, such as grapes or apples. The movement will spread to the *UK early next year when the* main company marketing cranberry sauce plans to launch bottles of blended cranberry juice.

The change has been fuelled *by the US health food craze*—cranberries are rich in vitamin C and low in calories—and by the soft drinks packaging revolution brought about by the Swedish-owned Tetra-Pak group. *The drinks are particularly* popular as a digestion aid among older people and for preventing bladder infections.

First, though, the cranberry needs to establish her curriculum vitae, of which surprisingly little is known outside North America. Far from being *as old as Christmas, cranberry* sauce is, like the turkey itself, a relatively recent arrival from North America.

Although various kinds of cranberry also grow in Northern Europe, the main varieties are to be found in North America, where they are one of only three native American fruits, along with the concord grape and the blueberry.

Vaccinium Macrocarpon, to use the botantical name, is cultivated on "vines" planted in peat bogs in Massachusetts, Wisconsin, New Jersey, the Pacific States of Washington *and Oregon, and in Canada,* mainly British Columbia.

The Red Indians use to eat them raw, as sauce for venison, or use them as dye or poultice for wounds. The Pilgrim *Fathers called them "crane* berry" because of the curling white blossoms which look like a crane's neck.

There is an echo of this link in the turkey and cranberry sauce eaten by American families every year on November 11 at their Thanksgiving Day dinners marking the landing of the Mayflower in 1620.

Systematic cranberry farming *began in 1816 when a Cape Cod* farmer discovered that they grew better when the sand on the beach blew over them. He started transplanting the vines and covered them with sand. In some places the bogs are flooded to protect the fruit from frost or drought. During the harvest, from September to November, the fruit is shaken from the vines by mechanical beaters and collected in large booms. When this happens, the bogs look like

surrealistic reservoirs of dark red paint.

Modern technology overtook the cranberry in 1919 when Mr Marcus L. Urann, a Cape Cod *lawyer and bog owner, first put* cranberry sauce in tins to make it available throughout the year. He named his product Ocean Spray after the salty mist which cloaks Cape Cod much of the year.

The name now belongs to the nationwide co-operative of some 700 growers who control 20,000 of the 25,000 acres of cranberry bogs in the US and Canada, and who account for the bulk of the fruit exported to the UK and Europe. Ocean Spray's market*ing philosophy seems to be that* there is no limit to the foods and drinks with which the cranberry can be combined. Its product range includes Cran Raspberry sauce, Cranprune, Cranberry juice cocktail, whole berry cranberry sauce, Cranapple, Cranicot, and Crangrape.

Ocean Spray has now appointed a UK-based sales representative to Europe, who has been laying the ground for *next year's planned introduc*tion of cranberry drinks into the UK.

J. O. Sims, the fruit and vegetable merchant, which has been selling cranberries here *for the past 18 years, says* deliveries have been creeping up by about 10 per cent a year.

Mr Keith Sims, its managing director, this year expects to buy nearly 400 tonnes of fresh US berries between October and January and about 340 tonnes of frozen berries.

With far more frozen berries available, he is keen to establish a market throughout the rest of the year and is bombarding the retail trade with recipes showing that they have far more uses than dressing the turkey.

LONDON MARKETS

ON THE coffee futures market the March delivery quotation, which gained £577.50 last week, was marked up another £54 to £2,779 a tonne, a new eight-year high. *Dealers said, however, that* this did not reflect the tone of the market, which was generally slightly lower. The March position got out of line with other positions on Fri*day when it rose only £200* compared with £240 to £265 for the others, they explained. Sentiment remained fundamentally bullish, they added, but there was some nervous*ness and light book-squaring* ahead of today's early close for the Christmas break. The cocoa market was basically quiet but managed to add a few pounds to its recent advance in nearby positions. The March position ended £8 up at £1,788 a tonne, a two-month high. On the London Metal Exchange copper led a general decline with the cash quotations losing £15 to £973.50 a tonne on pre-holiday liquidation and a larger-than-expected rise in LME warehouse stocks last week. Cash aluminium lost £11 of last week's £24 rise at £750.50 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	750-1	—11	—
3 months	776.5-7	—9.75	786/775

Official closing (am): Cash 751-2 *(753-5), three months 776-7 (777-.5),* settlement 752 (755). Final Kerb close: 776.5-7.

Turnover: 12,250 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	973-4	—15	984
3 months	997-8	—12	1008/997

Official closing (am): Cash 983-4 (986-7), three months 1005.5-6 (1008.5-9), settlement 984 (987). Final Kerb close: 999-1000.

Cathodes			
Cash	960-5	—10.5	—
3 months	985-90	—10.75	—

Official closing (am): Cash 967-73 (971-2), three months 993.5-4 (996.5-7), settlement 973 (972).

Turnover: 15,875 tonnes. US Producer prices 66.50-71.50 cents per *pound.*

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	267-8	—6.5	267
3 months	277.5-8	—4.5	285.276

Official closing (am): Cash 267-.5 (277-.5), three months 277-.5 (284-.5), settlement 267.5 (277.5). Final Kerb close: 276-7.

Turnover: 7,325 tonnes. US Spot: 18.50-20 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2850-60	—107.5	2880/2850
3 months	2910-5	—96	3000/2880

Official closing (am): Cash 2880-90 (2975-80), three months 2895-900 (3000-5), settlement 2890 (2980). Final Kerb close: 2905-10.

Turnover: 1,026 tonnes.

ZINC

Highgrade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	493-4	—4.5	498/497
3 months	449 500	—4.0	506/497

Official closing (am): Cash 496-7 (497-8), three months 502-3 (502-3), settlement 497 (498). Final Kerb close: 498-9.

Turnover: 7,000 tonnes. US Prime Western: 35-35.75 cents per pound.

GOLD

Gold rose \$1¼ to \$327½-328 on the *London* bullion market yesterday. It opened at \$324¾-325¼ and was fixed at \$325.75 in the morning and \$327.60 in the afternoon. It touched a peak of \$328¼-328¾ and a low of \$324¾-325¼.

GOLD BULLION (fine ounce)		Dec. 23
Close	\$327½-328	(£226¾-229¼)
Opening	\$324¾-325¼	(£227¼-227¼)
M'nl'g fix.	\$325.75	(£227.957)
Aft'n'n fix	\$327.60	(£228.931)

GOLD AND PLATINUM COINS		
Kr'g'r'nd	\$329½ 330	(£230½ 231)
½ Krug.	\$174-174½	(£121¼-122)
¼ Krug.	\$88½-89	(£62-62¼)
1/10 Krug.	\$36¼ 37	(£25¼-26)
Mapleleaf	\$337¼ 338	(£236¼-236½)
Angel	\$337-339	(£235¼ 237¼)
1/10 Angel	\$32¼-37¾	(£22-26½)
New Sov.	\$78-78½	(£54½-55)
½New Sov	\$46¼ 47½	(£32¼-33¼)
Old Sov.	\$83 84½	(£58-59¼)
\$20 Eagle	\$430 470	(£301 329)
Noble Plat	\$347½ 351½	(£243¼-246)

SILVER

Silver was fixed 0.20p an ounce higher for spot delivery in the London bullion market yesterday at 409.6p. US cent equivalents of the fixing levels were: spot 585.7c, up 3c; three-month 596.5c, up 3.05c; six-month 607.6c, up 2.85c; and 12-month 630.1c, up 3.2c. The metal opened at 407½-409½ (584-586c) and closed at 411-413p (589-591c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	409.60p	+0.25	411.5p	+1
3 months	420.85p	+0.25	423.5p	+2
6 months	432.60p	-0.05	—	—
12 months	454.90p	-0.55	—	—

LME—Turnover: 10 (31) lots of 10,000 oz.

Three months high 420p, low 418.5p, final kerb 423.5p.

MEAT

Prices traded in a very narrow band in a lacklustre market. August prices eased slightly on liquidation prior to the break, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	101.70	101.20	101.20
April	102 60	102.50	102.60
June	100.00	99.90	—
Aug	98.80	98.80	98.70-98.60
Oct	104.20	104.00	—
Nov	105.20	105.20	—

Sales: 22 (0) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 100.37p per kg lw (+2.17). GB—Sheep 183.24p per kg est dcw (+16.33). GB—Pigs 83.47p per kg lw (+2.45).

INDICES

FINANCIAL TIMES

Dec. 23	Dec. 20	M'th ago	Year ago
—	—	—	—

(Base: July 1 1952 = 100)

REUTERS

Dec. 23	Dec. 20	M'th ago	Year ago
1768.5	1766.4	1755.0	1913.5

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Dec. 20	Dec. 19	Month ago	Year ago
Spot	124.12	123.60	—	122.12
Fut.	130.48	129.78	—	124.19

(Base December 31 1974 = 100)
* Not available due to suspension of tin LME.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 23 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Free Mkt.	\$1150/50	—15	\$1020/40
Copper			
Cash h Grade	£973.5	—15	£948.5
3 mths	£997.5	—12	£967.25
Gold Troy oz	\$327.75	+1.75	\$331
Lead Cash	£267.5	—6.5	£263.5
3 mths	£277.75	—4.5	£271.75
Nickel			
Free Mkt	187/207c	—2	181/201c
Palladium oz	\$94.50	+0.75	\$104.25
Platinum oz	\$337.75		\$354.50
Quicksilver†	\$250/260		\$280/285
Silver troy oz	409.60p	+0.20	426.45p
3 months	420.85p	+5.25	438.30p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	\$69.74	+1.57	\$71.41
Wolfram 22.0lb	\$56/64		\$60.65
Zinc	£493.5	—4.5	£425
3 months	£499.5	—4	£426.75
Producers	\$680/700		\$650/670
OILS			
Coconut (Phil)	\$435x	+2.5	\$397.5
Palm Malayan	\$405z	+5	\$380
SEEDS			
Copra Phil	\$260x	+15	\$250
Soyabean (U.S.)	\$228	—1.2	\$209.4
GRAINS			
Barley Fut. Mar.	£115.60	+0.10	£112.65
Maize	£142.50		£140.00
Wheat Fut. Mar.	£115.85	+0.10	£115.65
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1788	+8	£1705.5
Coffee Ft. Mar.	£2779	+54	£1871.5
Cotton A Index	48.55c	+0.05	48.00c
Gas Oil Feb.	\$253.25	—1.5	\$278.25
Rubber (kilo)	57p		56p
Sugar (raw)	\$133.5x	—2	\$139
Wooltops 64s	387p kilo	—3	394p kilo

‡ Unquoted. x Dec-Jan. † Per 76-lb flask. c Cents per pound. z Jan.

COCOA

Futures traded actively and made gains of over £20 before easing to end virtually unaltered. Consumers appear unmoved by the increase in values while producers, although price-checking with more interest, still appear withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1744-1750	+10.5	1746-1735
March	1786-1790	+8.0	1798-1775
May	1792-1793	—1.0	1805-1783
July	1802-1804	—4.0	1814-1794
Sept.	1814-1816	—0.5	1825-1807
Dec.	1816-1818	+3.5	1825-1808
March	1828-1838	+5.0	1835

Sales: 3,231 (4,131) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for December 23: *109.21 (108.76); five-day average* for December 24: 107.77 (107.39).

COFFEE

New highs were again established on trade buying *throughout the morning.* Values held until pre-holiday profit-taking pared gains, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
Jan.	2710-2730	+1.5	2785 2680
March	2776 2780	+54.0	2885-2750
May	2850-2858	—9.5	2906-2800
July	2890-2960	—7.5	2960-2858
Sept.	2950-2955	+10.0	3000-2900
Nov.	2940-2944	—5.5	3018-2955
Jan	2940-2970	—10.0	2975-2940

Sales: 11,077 (19,894) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for December 20: Comp. daily 1979 204.13 (188.61); 15-day average 165.96 (162.04).

FREIGHT FUTURES

Futures opened unchanged and minor gains were made throughout a quiet day. Towards the close values consolidated as buyers gave up trying to cover on such thin conditions, reports Clarkson Wolff. The Baltic Freigh Index was 893.5, unchanged.

	Close	High/Low	Prev.
Jan.	888/890	885	882/884
April	946/953	949/945	940/944
July	820/830	—	825/825
Oct.	919/920	919	917.5/919
Jan.	920/928	—	918/925
April	989/995	—	988/989
July	870/880	880	876/880
Oct.	985/1000	985	985/980

Turnover: 52 (34).

GRAINS

Barley was again firm, reflecting steady physical trade, but eased back on profit-taking. Wheat was quiet with initial gains of 15-20p lost in the afternoon, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Jan	113.10	—0.05	112.90	+1.15
Mar	115.85	—0.10	115.60	+0.10
May	118.80	—0.10	117.60	+0.10
July	121.05	—	—	—
Sept.	99.35	+0.15	98.55	—
Nov.	102.30	+0.05	101.55	—

Business done—Wheat: Jan 113.30-3.10, Mar 116.10-5.85, May 119.10-8.80, July 121.20-1.05, Sept 99.35 only, Nov Nov 102.25 only. Sales: 299 lots of 100 tonnes. Barley: Jan 113.25-2.85, Mar 116.00-5 60, May 118.00-7.60, Sept 98.60-8.55, Nov untraded. Sales: 230 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Jan 138.50, Feb 140.50, Mar 142.25 sellers: transhipment east coast, US no 2 soft red winter Jan 125.25, Feb 126, Mar 126.75 sellers, EC French Dec 135, English feed fob Jan/June 120.25 paid, Jan 115.50 buyer, Feb 18 seller, Jan/Mar 117.50/118 buyer/seller, April/June 122.50/123 buyer/seller, Sept 101.50, Oct/Dec 105.50 sellers. Maize: US no 3 yellow/French transhipment east coast Dec 142.50. Barley: English feed Feb/Mar 119.25 paid, Jan 116 *buyer Scotland,* 116.50 buyer English, Jan/Mar 118 buyer, April/June 121.50 buyer, Rest unquoted.

COTTON

LIVERPOOL—Spot and shipment *sales for the week ended December 20* totalled 1,367 tonnes against 955 tonnes in the previous week. Dealings were mainly in Turkish, Russian, Colombian; East and West African and Pakistani qualities.

US MARKETS

HOLIDAY conditions dominated the markets, reports Heinold Commodities. Gold traded mixed after a moderately stronger opening, with book-squaring and profit-taking dominating the quiet conditions. Early session shortcovering lifted silver, (but prices traded mixed on profit-taking in directionless trading. Copper was influenced by the slide in the stock market as speculators took profits in the industrial metal, ignoring the lower stock reports of the Comex and LME. Petroleum markets moved a little lower on continued concern about a future price war between Opec and non-Opec producers. Cotton traded lower in narrow ranges in reaction to President Reagan's signing of the Farm Bill. Cocoa traded slightly higher on *manufacturer support. Sugar* continued last week's late slip under 6c a pound. Deferred coffee futures were once again bid up the daily limit as the frenetic rise of last *week continues on the* Brazilian drought effects on next year's crop. Orange juice recovered from a lower opening due to Florida weekend temperatures, which failed to drop below freezing. Prices recovered on forecasts of a possible freeze on Wednesday or Thursday. Grain markets were mostly lower with commercial selling pressuring wheat. Maize lost ground in a narrow range on expectations of additional US export business expected this week.

NEW YORK

ALUMINIUM 40,000lb, cents/lb

	Close	High	Low	Prev
Dec	50.95	—	—	50.70
Jan	51.15	—	—	50.90
Feb	51.45	—	—	51.15
March	51.60	51.85	51.30	51.45
May	52.30	52.25	51.55	52.05
July	52.80	—	—	52.65
Sept	53.55	53.60	53.50	53.30
Dec	54.55	54.80	54.70	54.30
Jan	54.85	—	—	54.60

COCOA 10 tonnes, \$/tonnes

	Close	High	Low	Prev
March	2252	2264	2245	2248
May	2297	2304	2290	2283
July	2323	2330	2319	2311
Sept	2344	2345	2335	2334
Dec	2354	—	—	2345
March	2369	—	—	2360

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	246.66	249.00	244.00	240.78
May	233.65	233.65	233.65	227.65
July	237.05	—	—	231.50
Sept	240.81	—	—	234.81
Dec	245.00	—	—	239.00
March	248.00	—	—	242.00
May	247.25	—	—	241.25

COPPER 25,000lb, cents/lb

	Close	High	Low	Prev
Dec	62.45	63.05	62.55	63.05
Jan	62.50	63.10	62.70	63.15
Feb	62.75	—	—	63.60
March	63.15	63.95	63.10	63.65
May	63.40	64.20	63.40	63.90
July	63.60	64.40	63.60	64.10
Sept	63.80	—	—	64.30
Dec	64.10	64.80	64.30	64.60
Jan	64.20	—	—	64.70
March	64.40	—	—	64.90

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	61.25	61.60	61.12	61.23
May	61.07	61.22	60.90	61.00
July	58.30	58.40	57.78	57.90
Oct	51.40	51.50	51.50	51.52
Dec	49.41	49.59	49.30	49.45
March	49.78	—	—	50.10
May	50.13	—	—	50.42

CRUDE OIL (LIGHT) 42,000 US gallons, \$/barrels

	Latest	High	Low	Prev
Jan	80.30	80.60	—	80.44
Feb	78.30	78.75	78.00	78.52
March	73.00	73.30	72.60	73.01
April	67.85	67.95	67.40	67.91
May	64.65	64.80	64.50	65.05
June	64.00	—	—	64.45
July	64.40	—	—	64.50

GOLD 100 troy oz, \$/troy oz

	Close	High	Low	Prev
Dec	325.8	328.2	325.5	325.9
Jan	326.6	—	—	327.8
Feb	328.3	331.4	327.8	328.7
April	332.0	335.3	331.5	332.4
June	335.9	339.5	335.7	336.3
August	339.9	339.6	339.2	340.3
Oct	344.0	346.5	344.6	344.4
Dec	348.2	351.2	348.2	348.6
Feb	352.4	355.0	355.0	352.8
April	356.5	—	—	356.9
June	361.1	—	—	361.5
August	365.9	—	—	366.3
Oct	371.0	373.0	372.0	371.4

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Feb	25.65	25.88	25.53	25.77
March	24.76	25.00	24.66	24.90
April	24.18	24.35	24.16	24.38
May	23.82	24.00	23.75	23.96
June	23.50	23.63	23.50	23.68
July	23.28	23.30	23.20	23.38
August	22.95	22.95	22.95	23.15

ORANGE JUICE 15,000lb, cents/lb

	Close	High	Low	Prev
Jan	118.50	118.50	114.90	116.90
March	121.15	121.75	116.50	119.05
May	122.00	122.00	117.40	119.58
July	122.45	122.50	118.10	120.25
Sept	119.25	118.00	117.50	119.25
Nov	119.55	119.60	119.50	119.75
Jan	119.95	—	—	120.00
March	120.20	—	—	120.25
May	120.20	—	—	119.50

PLATINUM 50 troy oz, \$/troy oz

	Close	High	Low	Prev
Dec	332.9	336.0	332.0	334.7
Jan	333.7	339.0	332.5	335.5
Feb	334.7	—	—	336.5
April	339.1	343.5	338.0	340.3
July	342.3	346.5	342.5	343.5
Oct	346.0	350.0	347.5	347.2
Jan	351.0	—	—	352.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	578.0	580.0	583.0	586.6
Jan	577.2	580.5	584.0	587.2
Feb	581.0	—	—	591.0
March	585.0	602.5	383.5	595.0
May	592.4	609.5	593.0	602.4
July	600.0	615.0	599.0	610.0
Sept	608.1	624.5	611.5	617.8
Dec	619.9	636.5	621.0	629.7
Jan	624.1	—	—	633.9
March	632.2	648.0	635.0	642.2

SUGAR WORLD "11" 112,000lb, cents/lb

	Close	High	Low	Prev
Jan	4.46	4.91	4.45	4.97
March	5.61	5.96	5.60	5.90
May	5.82	6.13	5.70	6.05
July	6.08	6.33	6.05	6.26
Sept	6.23	6.43	6.25	6.39
Oct	6.26	6.58	6.25	6.50
Jan	6.58	—	—	6.69
March	7.00	7.16	6.93	7.11

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	60.92	61.17	60.77	60.90
April	60.85	61.05	60.55	60.85
June	61.05	61.25	60.82	61.05
August	60.07	60.22	—	60.10
Oct	58.57	59.00	58.52	58.90

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	45.72	45.95	45.20	45.52
April	41.32	41.55	40.75	41.10
June	43.60	44.10	43.50	43.97
July	44.15	44.35	43.95	44.27
August	43.20	43.35	43.00	43.45
Oct	40.12	40.40	40.10	40.10
Feb	41.35	41.52	41.35	41.57

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	248.4	249.4	248.2	248.6
May	252.4	253.4	252.2	252.6
July	253.6	255.0	253.0	253.6
Sept	238.2	240.0	238.2	238.6
March	234.4	237.6	234.4	236.4
May	240.2	—	—	242.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	61.92	63.35	61.45	63.45
March	62.40	63.30	62.20	63.45
May	63.22	63.80	63.00	64.02
July	63.60	64.00	63.50	64.55
August	61.10	61.70	61.05	61.72

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	High	Low	Prev
Jan	534.2	534.6	531.4	531.4
March	547.2	547.4	544.4	546.2
May	558.4	558.6	558.2	557.0
July	568.0	568.0	565.4	568.6
August	566.0	567.0	565.0	567.6
Sept	553.4	555.4	553.4	554.0
Nov	552.2	555.0	551.0	553.4
Jan	562.0	562.4	560.0	565.0
March	572.4	573.0	571.0	576.0

SOYABEAN MEAL 100 tons, \$/ton

	Close	High	Low	Prev
Jan	146.2	146.4	145.1	145.8
March	149.5	149.9	148.6	149.3
May	152.4	152.2	151.1	152.5
July	154.2	154.5	153.3	153.9
August	154.1	154.5	153.5	154.0
Sept	152.5	152.5	151.5	152.0
Oct	149.0	150.0	148.0	147.5
Dec	151.0	151.0	150.0	149.9
Jan	151.0	151.0	150.5	148.7
March	153.0	—	—	—

SOYABEAN OIL 60,000 lb; cents/lbs

	Close	High	Low	Prev
Jan	21.61	21.85	21.60	21.96
March	22.02	22.27	21.98	22.20
May	22.37	22.50	22.35	22.54
July	22.60	22.70	22.54	22.77
August	22.60	22.70	22.60	22.72
Sept	22.17	22.17	22.15	22.17
Oct	22.20	22.30	22.10	22.30
Dec	22.25	22.25	22.10	22.28
Jan	2.10	—	—	22.20

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	337.6	341.4	337.4	341.4
May	320.6	323.6	320.4	324.0
July	289.6	294.4	289.4	293.6
Sept	289.4	293.4	289.4	293.4
Dec	300.4	303.4	300.4	304.0

SPOT PRICES—Chicago loose lard 17.00 (same) cents per pound. New York tin 588.0 (589.0) cents per troy ounce.

POTATOES

In the absence of much of the trade and with Dutch values around unchanged, futures stayed in a narrow range, drifting lower in thin volume, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	80.60	81.50	81.90
Apr	92.70	93.00	93.90-92.20
May	98.70	98.60	98.90-98.20
Nov	75.30	76.10	—

Sales: 123 (153) lots of 40 tonnes.

SOYABEAN MEAL

	Yesterday close	+ or —	Business Done
	£ per tonne		
Dec.	—		
Feb.	130.5-131.2	+1.85	131.8
Apr.	128.0-128.5	—3.80	128.0
June	125.8-128.5	—2.45	129.0
August	126.5-127.5	+0.25	—
October	128.5-132.0	+2.75	—
Dec.	128.0-134.0	+1.75	—

Sales: 135 (1,005 lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar \$133.50 (£93.50), unchanged (down 50p) a tonne for December-January delivery. White sugar \$167.50, up 50c.

No. 6 Contract	Yest'day's close	Previous close	Business done
	\$ per tonne		
Mar	149.2-149.8	154.2-154.6	155.6-149.2
May	154.0-154.2	158.6-159.0	158.8-154.0
Aug	158.6-159.0	163.6-164.0	164.6-159.0
Oct	165.6-164.0	168.4-168.8	168.0-167.0

Sales: 1,925 (1,476) lots of 50 tonnes.

Tate and Lyle delivery price for granulated sugar was £196.50 (£196.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for December 20: *Daily price 5.18 (5.14); 15-day* average 5.53 (5.55).

PARIS—(FFr per tonne): March 1316-1320, May 1350-1354, Aug 1409-1415, Oct 1460-1470, Dec 1475-1485, March 1545-1565.

OIL

Little changed in extremely thin trade. Nymex opened 10c down for February and had lost a further 7c by 1 pm EST. In the petroleum products market, with many trading companies closed, talk was minimal

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB (\$ per barrel)—Jan.		
Arab Light	27.75-27.85	—0.025
Arab Heavy	25 75-25.85	—0.05
Dubai	26.95-26.95	—
Brent Blend	25.50-25.70	—0.075
W.T.I. (1pm est)	25.65-25.70*	—0.025
Forcados (Nigeria)	26.40-26.50	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif (\$ per tonne)		
Premium gasoline	255-258	—
Gas Oil	237-243	—
Heavy fuel oil	132-135	—
Naphtha	226-228	—

* February

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	\$ U.S. per tonne		
Jan	236.00	—2.00	238.25-38.00
Feb	233.25	—1.25	234 50-33.25
Mar	223.25	—0.75	224.50-23.25
Apr	208.50	—1.00	210.50-09.00
May	200 00	—1.00	203.00-00.00
June	199.25	—1.00	200.00-99.50
July	200.00	—	200.00-99.25
Aug	200.00	—	200.00

Turnover: 365 (1,282) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index, \$ a barrel. (Close, change, business done): Index 25.80, +0.12; Feb 24.45-24.90, −0.125, 24.50; Mar 23.60-24.20, −0.35; Apr 23.00-24.00, −0.50; May 22.20-23.70, —1.25; *Jun* 22.00-23.50.

Turnover: 1 (2) lots of 1,000 barrels.

RUBBER

Opened slightly easier, attracted no interest throughout the day and closed very quiet, reports Lewis and Peat. *Closing prices (buyers):* spot 57.00p (same). Feb 54.50p (56.00p), March 58.75p (56.25p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg Res No 1 was 179.0 (180.0) and for SMR 20 174.0 (173.5).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drifts in thin trading

The dollar drifted a little lower in very quiet pre-Christmas trading, with a few commercial orders providing some movement in an otherwise becalmed market. After Friday's flash estimate of US fourth quarter Gross National Product growth dealers still expect a cut in the Federal Reserve's discount rate in the fairly near future. This is giving the dollar a soft undertone and although the central banks may be reluctant to give the US currency another strong downward push they will be equally unlikely to allow any recovery.

According to yesterday's figures US personal income rose 0.6 per cent in November, after a revised 0.5 per cent October increase, and personal consumption rose 0.9 per cent, against a revised fall of 1.4 per cent for the same months.

The dollar fell to DM 2.5040 from DM 2.51; FFr 7.68 from FFr 7.7175; SFr 2.1030 from SFr 2.1110; and Y20250 from Y202.60. On Bank of England figures the dollar's index fell to 127.1 from 127.4.

STERLING — Trading range against the dollar in 1985 is 1.4885 to 1.0525. November average 1.4408. Exchange rate index closed 0.1 higher at 78.2. It opened at the day's high of 78.3, and touched a low of 78.1 at 10 am, but was then steady at 78.2 through to the close.

Sterling showed small mixed changes, and although trading was very quiet, without any strong influences, dealers suggested that fears about falling oil prices early in the new year continued to overhang the pound. It gained 30 points to $1.4270-1.4380, and also improved to Y289 from Y288.50. *Sterling was unchanged* at DM 3.5750, but declined to FFr 10.9650 from FFr 10.9950 and to SFr 3.0025 from SFr 3.0075.

D-MARK — Trading range against the dollar 1985 is 3.4510 to 2.5110. November average 2.5926. Exchange rate index 130.5 against 121.7 six months ago.

The D-mark was slightly stronger against the dollar in very quiet end-of-year trading, with West German banks closed today until Friday. The dollar fell to DM 2.5075 at the Frankfurt close from DM 2.51775, while expectation that the D-mark will make further gains in the New Year, including improvements against members of the European Monetary System, led to a further rise of prices on the German stock exchange. The quiet market paid little attention to US figures on personal income and consumption, and there was no indication of intervention by the German Bundesbank on the open market or at the Frankfurt fixing, where the dollar fell to DM 2.5095 from DM 2.5200.

JAPANESE YEN — Trading range against the dollar in 1985 is 263.15 to 200.70. November average 203.97. Exchange rate index 177.4 against 156.4 six months ago.

The yen closed little changed against the dollar in quiet trading. Apart from some short covering, buying by importers for trade settlements was the main factor to give the dollar a little support. The US currency finished at the day's high of Y202.80 in Tokyo, compared with Y202.78 on Friday. Although the market is probably still short of dollars there is no sign of any strong move to cover short positions, because dealers expect the dollar to remain depressed in the new year.

£ IN NEW YORK

	Dec. 23	Prev. close
£ Spot	$1.4270-1.4280	$1.4290-1.4500
1 month	0.48-0.44pm	0.42-0.41pm
3 months	1.33-1.29pm	1.29-1.26pm
12 months	4.75-4.60pm	4.55-4.45pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT — FORWARD AGAINST POUND

Dec 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4250-1.4320	1.4270-1.4280	0.41-0.38c pm	3.32	1.30-1.26pm	3.59
Canada	1.9896-2.0027	1.9970-2.0025	0.38-0.28c pm	1.98	1.26-1.13pm	2.39
Nethlnd.	4.0298-4.0462	4.03-4.04	2¼-1⅞c pm	5.76	5¾-5⅞pm	5.58
Belgium	72.92-73.91	73.05-73.15	14-8c pm	1.64	40-28pm	1.81
Denmark	12.99¾-13.05	13.00-13.01	3¼-2⅞ore pm	2.48	9¾-8½pm	2.79
Ireland	1.1696-1.1723	1.1703-1.1713	0.13-0.01p pm	0.72	0.03d-0.29pm	0.44
W. Ger.	3.57-3.59	3.57-3.58	2½-1⅞pf pm	6.71	5⅞-5½pm	6.43
Portugal	227.69-231.11	227.77-230.95	220-585c dis	−21.06	505-1370dis	−16.35

Belgian rate is for convertible francs. Financial franc 73.60-73.70. Six-month forward dollar 2.57-2.52c pm. 12-month 4.60-4.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

†UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.55-51.65.

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 8¾-8⅞ per cent; three years 8¾-9 per cent; four years 9-9¼ per cent; five years 9¼-9½ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

Dec. 23	Bank of England Index	Morgan Guaranty Change %
Sterling	78.2	−12.8
U.S. dollar	127.1	+16.2
Canadian dollar	81.0	−11.4
Austrian schilling	121.2	+6.0
Belgian franc	92.6	−9.5
Danish Kroner	83.4	−2.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

* CS/SDR rate for Dec 19: 1.51921.

OTHER CURRENCIES

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Very little change

Prices were little changed in the London International Financial Futures Exchange yesterday. Trading was extremely dull and uneventful ahead of Christmas and the new year with no new factors to stimulate any movement. Most operators were content to remain on the sidelines and wait for developments in the new year.

Euro-dollar prices were a little easier to start with, reflecting disappointment that the US *authorities had not cut their discount rate.* Values picked up later in the day however as the outlook remained bullish. Recent signs suggest that the US Fed will reduce its discount rate quite soon and this tended to underpin market sentiment. The March three-month Euro-dollar price opened at 92.32 and fell to a low of 92.26 before recovering to finish at 92.30, unchanged from Friday. US personal income figures for November showed a rise of 0.6 per cent compared with a revised figure of 0.5 per cent in October. This was much in line with market *expectations and ocnsequently* had little effect on trading.

US Treasury bond prices were marked up in very thin trading despite a Federal funds rate of 8 1/16 per cent. The March price opened at 84-24 up from 84-17 and touched a high of 85-00 before finishing at 84-25.

Sterling-based instruments lost ground with a very low volume recorded. The softer trend reflected a slight firming of cash rates amid longer term concern about oil prices and the effects on sterling of a further sharp decline in prices. Three-month sterling deposits for March delivery touched a low of 88.36 after opening at 88.41 and closed at 88.39 down from 88.43 on Friday. Gilt prices were a little more buoyant with the March contract recovering from a low of 110-31 to finish unchanged at 111-01.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4275	1.4234	1.4147	1.4021	1.3823

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.4175	1.4215	1.4145	1.4165
June	1.4045	1.4080	1.4025	1.4035
Sept	1.3940	1.3950	1.3915	1.3925
Dec	—	—	—	1.4370

LIFFE—STERLING £25,000 $ per £

LONDON

CHICAGO

STERLING INDEX

MONEY MARKETS

Longer term rates quietly firmer

Interest rates were slightly firmer from three to 12-month periods in the London money market yesterday. Trading was extremely thin and uneventful but the market was already looking beyond the new year with rates reflecting uncertainty about sterling's performance and the possibility of lower oil prices.

Three-month interbang money rose to 11 13/16-11 11/16 per cent from 11⅝-11½ *per cent* while three-month eligible bank bills were bid at 11 9/16 per cent from 11½ per cent. Overnight money was a little easier with rates easing to 8 per cent from an opening level of 11½ per cent. Late balances were taken at 10 per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,137m. These were partly offset by Exchequer transactions which added £220m and a fall in the note circulation of £355m. In addition banks brought forward balances £310m above target.

In Frankfurt call money was quoted at 4.6-4.7 per cent down from 4.9-5.1 per cent on Friday. This was still a little higher than usual as commercial banks sought to recover from recent heavy drains on short term liquidity. A rush of corporate tax payments was seen as the main factor behind the tight squeeze and rates still rose sharply despite several injections of fresh liquidity by the Bundesbank. Elsewhere period rates showed a nearly flat structure out to one year with the market currently pinning its hopes on the Bundesbank's often mentioned determination to maintain a steady *interest rates policy.*

The Bank revised its forecast to a shortage of around £300m and gave help in the morning of £243m. This comprised outright purchases of £85m of eligible bills in band 2 at 11 9/16 per cent and £71m in band 3 at 11½ per cent. In band 4 it bought £2m of Treasury bills and £85m of eligible bank bills all at 11 7/16 per cent. Further help was given in the afternoon of £19m through purchases of eligible bank bills in band 1 at 11⅝ per cent after a revised shortage of around £250m. Late help came to £50m, making a total of £312m.

UK clearing banks base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	8 1/16
Fed funds at intervention	8
Treasury Bills & Bonds	
One month	6.84
Two month	7.13
Three month	7.29
Six month	7.49
One year	7.59
Two year	8.03
Three year	8.24
Four year	8.43
Five year	8.65
Seven year	8.90
10 year	9.06
30 year	9.32

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 23) Three months U.S. dollars	Six months U.S. dollars
bid 7 15/16 offer 8 1/16	bid 7 15/16 offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Dec. 23	Over night	7 days notice	Month
Interbank	8-11¼	11-11⅛	11½-11⅝
Sterling CDs	—	—	11½-11⅜
Local Authority Depos	10½-11	11⅛-11½	11½
Local Author'y Bonds	—	—	12
Discount Mkt Depos.	8-11	11-11¼	11½
Company Depos	9½-11½	11¼-11½	11¾
Finance Hse Depos	—	—	12
Treasury Bills (Buy)	—	—	11 7/16
Bank Bills (Buy)	—	—	11 7/16
Fine Trade Bills (Buy)	—	—	11 [illegible]
Dollar CDs	—	—	8.15-8.20
SDR Linked Depos.	—	—	8 [illegible]
ECU Depos.	—	—	9¼-9⅝

Treasury Bills (sell): one-month 11¼ per cent; Bank Bills (sell): one-month 11 5/16 per cent; three-month ... Bills: Average tender rate at discount 11.1807 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive) 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven days fixed. Finance Houses Base Rate 12 per cent from December 1, 1985. Bank Deposit Rates for sums at seven days' notice ... Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¼ per cent; three-six months 11½ per cent; six-nine months 11 per cent; nine-12 months 11½ per cent. Under £100,000 10½ per cent from December 12. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Dec. 23	Ov'r nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.6-4.7	4.80-4.95	4.75-4.90	4.75-4.85	4.75-4.85	5.5
Paris	9¼	9 1/16-9 3/16	8 15/16-9 1/16	9-9⅛	—	8¾
Zurich	7½-11⅛	4⅞-5	—	4⅛-4⅜	—	—
Amsterdam	6 1/16-6¾	5¾-5⅞	—	5⅞-5⅞	—	—
Tokyo	7.87500	8.03125	—	7.71875	—	—
Milan	14½-15	15¾-15⅝	—	14⅞-15¼	—	—
Brussels	8-8½					
Dublin						

Company Notices

FRIESCH-GRONINGSCHE HYPOTHEEKBANK N.V.

U.S.$ 20,000,000 Floating Rate Notes due 1987

In accordance with the provisions of the Notes, notice is hereby given that for the interest period *from December 27, 1985 to March 27, 1986* the Notes will carry an interest rate of 8 ½ % per annum.

The interest payable on the relevant interest payment date, March 27, 1986 against coupon nº 16 will be U.S.$ 107.03 per Note.

Agent Bank **KREDIETBANK** S.A. LUXEMBOURGEOISE

HILL SAMUEL OVERSEAS FUND

SICAV Luxembourg, 37, rue Notre-Dame R.C. Luxembourg B [illegible]

Dividend Notice

At the Annual General Meeting held on December 13th 1985 the shareholders decided a dividend of US$ 0.34 per share payable on or after December 20th, 1985 to registered shareholders of record on December 17th, 1985 and to holders of bearer shares upon presentation of coupon Nr 14.

By order of the Board The General Manager

Paying Agent in Luxembourg: Kredietbank S.A. Luxembourgeoise

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN PIONEER ELECTRONIC CORPORATION

We are pleased to announce that copies of the consolidated Annual Report ... of the Company for fiscal year ended 30th September, 1985 are now available to EDR holders upon application to the Depositary and the Depositary's Agent, The Bank of Tokyo (Luxembourg) S.A., Luxembourg.

THE BANK OF TOKYO TRUST COMPANY (London Depositary)

24th December, 1985

U.S.$75,000,000 GRUPO INDUSTRIAL ALFA S.A.

FLOATING RATE NOTES DUE 19[illegible]

For the three month interest period from 23rd December 1985 to 24th March, 1986 the Notes will carry an interest rate of 10[illegible] p.a. and the Coupon Amount per U.S.$10,000 will be U.S.$

CREDIT SUISSE FIRST BOSTON LIMITED Agent Bank

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on December 23, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.06
Algeria	Dinar	(A 6.85
Andorra	French Franc	10.9650
	Spanish Peseta	223.50
Angola	Kwanza	42.7420
Antigua	E. Caribbean $	3.86
Argentina	Austral	1.1455
Australia	Australian $	2.1010
Austria	Schilling	25.1950
Azores	Portuguese Escudo	229.75
Greenland	Danish Kroner	13.0050
Grenada	E. Caribbean $	3.86
Guadaloupe	Local Franc	10.9650
Guam	U.S. $	1.4275
Guatemala	Quetzal	1.4275
Guinea	Syli	32.41
Guinea-Bissau	Peso	243.78
Guyana	Guyanese $	5.8815
Haiti	Gourde	7.15
Honduras	Lempira	2.8800
Peru	Sol	exc A 13,9[illegible]
Philippines	Philippine Peso	26.1[illegible]
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.8525
Poland	Zloty	213.32
Portugal	Portuguese Escudo	229.56
Puerto Rico	U.S. $	1.4275
Qatar	Qatari Ryal	5.2005

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101	99	Exch 11¼pc '86	99		11.77	11.85
99	96¾	Treas. 10pcCnv 1986	99		10.05	11.71
97	92¼	Treas 3pc 1986	97	−⅛	3.09	10.81
100	97	Exch 10½pc 1986	99		10.55	11.73
101	99¼	Treas 12pc 1986	100	−⅛	11.98	11.62
98	94¼	Treas 8¼pc 1984-86	98¼		8.43	11.58
105	101¾	Exch 14pc 1986	101¾	−⅛	13.75	11.64
95	87¾	Exch 2½pc 1986	95½		2.62	7.90
104	101	Exch 13¼pc 1987	101¾xd	−⅛	13.03	11.65
99	96¾	Treas 10½pc Cv '87	98¼	−⅛	10.39	11.49
93¾	85¾	Exch 2½pc 1987	93		2.67	8.46
100	95¾	Exch 10½pc 1987	98		10.62	11.42
95	89	Funding 6½pc '85-87	94¼		6.86	10.79
99	95½	Treas. 10pc 1987	98¼		10.19	11.43
92	84¼	Treas 3pc 1987	92xd	+⅛	3.25	8.44
102	99	Treas 12pc 1987	101		11.88	11.35
95	90¼	Treas 7¾pc 1985-88	93xd		8.26	11.15
100	95¼	Exch 10½pc '88	98¼		10.66	11.23
98¼	93¼	Treas. 9½pc Cv '88	96	+⅛	10.09	11.33
87	80	Transport 3pc '78-88	87xd	+⅛	3.42	8.59
97¼	91	Treas. 9½pc '88	95		9.98	11.38
102	97	Treas 11½pc 1989	100	−⅛	11.45	11.29
97	90¾	Treas 9½pc Cnv '89	95		9.99	11.29
84¼	79	Treas 3pc 1989	84	−⅛	3.57	8.52
99	94	Treas 10½pc 1989	97		10.72	11.23
98	92	Exch 10pc 1989	96	−⅛	10.41	11.35
101	95	Exch 11pc 1989	99	−⅛	11.09	11.24

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
252	146	M'C'rthy Ph. 20p	252	+12	8.2	2.0	4.6	15.6
150	87½	Macfarlane Gp	122		††2.16	3.1	2.5	17.1
47	34	Maclellan (P & W) 20p	40	−2	†1.7	2.3	6.1	8.3
88	46	Magnolia Group	82		2.6	3.0	4.5	10.0
60	28	♦Mammet Hldgs 10p	60		—	—	—	97.9
515	202	Man. Ship Can. £1	500	−3	5.5	3.5	1.6	26.3
123	70	Marley	107	+4	3.75	2.2	5.0	12.9
107	52	Marling Ind 10p	86xd	+1	††1.5	5.4	2.5	10.5
82	36	Marshall L'xy 'A'	68	−2	†2.4	4.9	5.0	4.9
77	55	Marshall's Universal	68		†2.0	1.4	4.2	(21.6)
89	78	Do 7½pcCvRedPf £1	84		7½%	—	12.8	—
98	91	♦Martin (Ronald) 10p	94		bq3.27	2.2	5.0	13.2
£110	£81	♦Mathesons 7¼%	£110		Q7¼%	2.3	17.2	—
35	15	♦Maxiprint 1p	20		—	—	—	—
551	375	Metal Box £1	512		17.25	3.0	4.8	8.1
170	110	Metal Closures	147	+2	6.7	2.0	6.5	9.2
17	3	♦Metal Sueeze 2½p	7½	+1	—	—	—	—
104	63	♦Midland Marts	80		4.0	2.1	7.1	9.6
83½	55½	Mitchell Cotts	67		4.25	2.0	9.1	(6.8)
230	182	Morgan Crucible	206	−2	†8.0	1.6	5.5	14.3
33	18	♦Morris (W) F.A. 20p	21½	+1	φ0.5	φ	3.3	φ
131	91	Moss (Robt.) 10p	108		†3.0	2.7	4.0	11.6
81	60	Myson Grp 10p	65		q2.5	3.4	5.5	12.3
330	214	♦N&W Computers	310		th4.8	2.7	2.2	23.8
43	27	Nash Inds.	33	−1	0.5	—	2.2	—
48	15	Neil & Spencer 10p	16		—	—	—	4.8
44	14½	Newman Inds 10p	[illegible]		[illegible]			

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

"Recent Issues" and "Rights" Page 18 (International Edition Page 22)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 20
Jan 13	Jan 23	Jan 24	Feb 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equities enter Christmas Account on quietly firm note

Blue chip stocks dithered in the early trade but later edged higher to establish modest gains on balance. The start of the three-week trading Account on the London Stock Exchange was a mundane affair with a full quota of members vieing for intermittent buying orders. Institutional inquiries were sparse, although there was occasional activity connected with financial end-year balancing of portfolios. The bulk of the day's trade, however, comprised traders or private investment purchases by either professional clients.

These tended to centre on special situation issues and stocks recommended in the weekend Press columns. The first batch of New Year tips bore fruit, but early excitement about a possible takeover of European Ferries was quickly doused. FT index constituent **P. and O.** struck an attractive deal which gives it a sizeable stake in European Ferries but failed to make an anticipated full offer. P. and O. closed 12 higher at 428p, while Euro-Ferries ended 6 down at 139p.

The performance of the FT Ordinary share index, finally 4.9 up at 1113.5, was also helped by **Lucas Industries**. A buoyant counter since the chairman's bullish view of the group's trading outlook, Lucas jumped 22 further to 480p on talk that the recent cash-call had been highly successful; it was announced late that acceptances had been received in respect of 96.5 per cent of the 365p-per-share rights issue, with the remainder sold by underwriters at a premium of approximately 95.65p per share.

A touch of seasonal cheer was discernible too in the Gilt-edged sector. The Federal Reserve Board's reluctance to reduce the key discount rate while interest rates elsewhere in the world remain high was disappointing, but the effects on sentiment were offset by sterling. The rate closed firmer against the dollar and instigated renewed demand which, in the absence of selling, brought gains among selected high-coupon stocks of ½. Index-linked Gilts eased further on the latest indications ofr lower UK inflation.

Clearers better

Investors showed renewed enthusiasm for the major clearing banks. **NatWest** added 10 to 672p, while **Barclays**, 462p, **Lloyds**, 474p, and **Midland**, 432p, all rose 9. Overseas issues continued to feature West Germany's largest bank, **Deutsche**, which added 4 points more to a record £255 in further response to the recent acquisition of the Flick industrial group. Elsewhere, perennial bid favourite **First National Finance Corporation** moved up 5 to 160p in reply to weekend Press forecasts of bumper profits and a return to the dividend list when the results are announced early next month.

USM-newcomer **Granyte Surface Coatings** staged a satisfactory market debut. The shares, placed at 56p, opened at 59½p and attracted steady support to *close at 63p.*

Breweries plotted an irregular course in thin trading. **Bass** lost 9 at 635p xd, but **Vaux** improved 7½ to 355p xd. Elsewhere, **Distillers**, currently in receipt of an unwelcome bid from Argyll Group, firmed 6 to 483p.

In a quietly firm Building sector, **Redland**, still reflecting the acquisition of Tilbury Group's aggregates division, hardened a penny more to 339p, while **BPB** *Industries picked up 4 to 352p.* **Blue Circle** were a shade dearer at 567p, as were **RMC**, at 470p. Elsewhere, **French Kier** added 3 to 266p on hopes of an increased offer from C. H. Beazer, while **SGB**, which lost 8 on Friday following the decision to refer BET's bid for the company to the Monopolies Commission, rallied a couple of pence to 250p. Press comment left **Newarthill** 8 higher at 820p in a restricted *market, but lack of support* clipped 10 from USM-quoted **Access Satellite** at 115p. Timber issues edged forward in places with **Meyer International** 2 better at 184p xd and **Magnet and Southerns** the same amount up at 138p. **May and Hassell** were unaltered at 99p despite the poor half-year figures and dividend ommission.

BHS rally

Potential "shell" situation **British Benzol** were again the subject of speculative support and gained 3 to 54p, while sudden demand in a restricted market lifted **Allied Colloids** 21 to 171p. ICI, a dull market in Friday following the broker's profits downgrading, opened a shade easier at 729p, but subsequently steadied to close unchanged at 732p.

British Home Stores, having fallen 40 last week on fading hopes of a counter to the proposed merger with Habitat Other leading retailers also revived, albeit modestly. **Dixons**, with trading news expected early in the New Year, put on 5 to 895p, while **Burton** hardened 4½ to 543p xd. Elsewhere, jewellery concerns fared well, reflecting seasonal demand. **H. Samuel** moved up 8 to 180p and **Asprey** appreciated 10 at 440p. **Goldsmiths**, up to 184p initially, closed a couple of pence dearer at 178p following news of a 12 per cent stake changing hands and board changes. Weekend newspaper recommendations left **Goodman Brothers** a penny dearer at 32½p and **Stormgard** a similar amount up at 19½p. Continuing to reflect takeover *speculation,* **Bentalls** put on 3 to 154p.

Leading Electricals rarely strayed from their previous closing levels. **GEC** and **Plessey** settled unaltered at 166p and 174p respectively; the former issued its formal offer document for Plessey late yesterday. Selected computer issues continued the recovery movement. **Kode** put on 10 further to 103p, while **Atlantic Computer** rose 20 to 205p and **Apricot** 5 to 72p. Elsewhere, speculative demand lifted **Electronic Machine** 10 to 44p, while **Sunleigh Electronics** improved 6 to 16½p on the announcement that Cleves Investments had acquired further shares on behalf of unconnected discretionary clients. **First Castle** rose 6 to 154p following the latest rejection of Morgan Crucible's offer.

Among the Engineering leaders, **Vickers** moved up 10 to 300p following news of the sale of its interest in Comsteel Vickers of Australia. **Hawker** were noteworthy for a gain at 449p. Secondary issues featured a rise of 13 at 168p in **Thomas Robinson** in response to Press mention. Also reflecting comment, **Tex Holdings** gained 6½ to 125p xd and **Blackwood Hodge** improved 1½ to 38p. **Westland**, awaiting further developments in the bid situation, improved 4 to 74p. **G. M. Firth** hardened a penny to 68p following comment on the interim figures, while Burgess Products closed a couple of pence firmer at 152p on the proposed sale of two subsidiaries.

Secondary issues provided the significant movements in Foods. *Albert Fisher* were prominent and gained 5 to 145p following news of the agreed acquisition of US paper and plastics distributor **Ziff** for a maximum consideration of £13.9m. USM-quoted **Hunter Saphir** found support at 123p, up 6, while **Glass Glover** firmed 5 to 233p. **Somportex** revived with a gain of 4 at 154p and **Nicholas (Vimto)** rose 13 to 233p in a restricted market. Among the leaders, **Cadbury Schweppes** closed 2 dearer at 157p, while **Tate and Lyle**, ex the dividend, settled a shade cheaper at 525p xd.

Grand Metropolitan, a strong performer last week following excellent annual results, hardened a penny more to 396p, **TrusthouseForte** slipped to 156p prior to closing unchanged at 158p. Elsewhere in Hotels and Caterers, **Kennedy Brookes** firmed 6 to 208p in reply to Press comment, but recently-firm **Garfunkels** softened a couple of pence to 126p in the absence of further interest.

Cole Group advance

Cole Group responded to the agreed revised offer from Low and Bonar by advancing 41 to 321p; **Low and Bonar** eased a penny to 326p. Elsewhere in the miscellaneous industrial sector, **Cannon Street Investments** mirrored Press mention with a rise to 13 to 98p, while others to benefit for a similar reason included **Unigroup**, 12 higher at 104p, and **Marley**, 4 to the good *at 107p.* **Valor** *rose 4 to 226p* and **Williams Holdings**, which made a successful bid for Spencer Clark last week, put on 12 to 383p. **Macarthys Pharmaceuticals** were noteworthy at 252p up 12, along with **Radiant Metal**, 8 dearer at 122p xd. Most leading issues ended with little alteration, but **Beecham** encountered occasional support and closed 4 up at 340p. **Reckitt and Colman**, still benefiting from its *Australian subsidiary's figures,* improved 12 further to 635p.

Record 1985 production figures helped **Jaguar** edge forward a couple of pence to 332p in a Motor sector otherwise dominated by Lucas.

Among Paper / Printings, **A.T.A. Selection** rose 6 to 45p and **Conrad** gained 5 at 77p.

Leading Properties were virtually unchanged, but secondary issues displayed scattered gains. *Caparo Properties,* which revealed a major expansion programme last week, attracted further buying interest and gained 7 to 50p, while **Abaco**, in which British and Commonwealth holds a stake, added 2½ to 27½p. **Property Holding and Investment** firmed 3 to 119p xd on takeover hopes, but **Southend Stadium** softened a penny to 91p following "take profits" advice. **Bradford Property** firmed 5 to 430p, *as did Connells, to 185p.* **Green Preporty** added 3 to 75p and **Marler Estates** a couple of pence to 172p.

Button and trimming merchants **C. A. Sperati (Special Agency)** featured Textiles with a jump of 60 to 350p in a thin market in response to the bumper preliminary profits. Elsewhere, **Palma** recorded a Press-inspired improvement of 2 at 36p, while **Shaw Carpets** put on a *similar* amount at 32p and **Textured Jersey** added 3 at 101p.

Aitken Hume rose 3 to 177p on revived takeover speculation. Elsewhere among Financial Trusts, **London Merchant Securities** continued to reflect the recent disappointing results with a fresh fall of 2½ to 63p xd; the Deferred closed 3 down at 54p.

Tricentrol firmer

Oils were much quieter after the two major developments of the previous week. The leaders showed **Shell** 5 better at 663p *and BP a couple of pence to* the good at 547p reflecting steadier crude oil spot markets. Weekend Press comment gave a boost to **Tricentrol** which touched 153p prior to closing a net 8 firmer at 150p. A re-appraisal of RTZ's exchange of a 29.9 per cent interest in **Enterprise Oil** for a 25.5 per cent holding in **LASMO** left the latter 3 cheaper at 243p, but the former 2 harder at 154p. **Charterhouse Petroleum** edged up a penny to 103p amid hopes of a counter-bid to Petrofina's £145m offer for the company.

Golds lose ground

Developments in South Africa over the weekend, which included th arrest of Mrs Mandela, triggered a further decline in the Financial Rand and prompted a general mark down of South African Gold and related issues. Ensuing falls in these sectors depressed the Gold Mines index by a further 9.6 to 244.8, its lowest level for over a month.

After the initial mark down in Golds business was virtually non-existent until the late afternoon when another firm performance by the bullion price helped share prices rally from the day's lowest levels.

Bullion was finally quoted at $327.75 a day's gain of $1.75 and a rise of $7.5 over the past three trading days.

The latest improvement in the bullion price encouraged good support for many of the "down-under" golds although leading diversified issues continued to mark time. Recently depressed **Central Norseman Gold** jumped 15 to 293p, **Gold Mines of Kalgoorlie** rose 7 to 377p and **Sons of Gwalia** were 5 better at 138p. In second-line golds **Kia Ora** were prominent and settled 1½ to the good at 8½p, while **Enterprise Gold** edged up to 14p.

Extremely subdued conditions in the underlying shares inhibited activity in Traded Options. Total contracts struck amounted to a mere 7,408, the lowest since October 21.

FINANCIAL TIMES STOCK INDICES

	Dec. 23	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	year ago
Government Secs	82.94	82.86	82.85	82.70	82.91	82.65	82.02
Fixed Interest	88.96	88.75	88.72	88.58	88.66	88.85	85.61
Ordinary ♥	1113.5	1108.6	1114.9	1104.6	1089.9	1100.3	926.0
Gold Mines	244.8	254.4	256.4	250.1	259.8	257.6	477.7
Ord. Div. Yield	4.46	4.48	4.46	4.50	4.56	4.55	4.65
Earnings, Yld. % (full)	11.09	11.16	11.08	11.18	11.32	11.23	11.82
P/E Ratio (net) (*)	11.13	11.07	11.14	11.04	10.90	10.99	10.16
Total bargains (Est.	23,966	22,846	20,213	20,780	21,513	21,170	—
Equity turnover £m.	—	566.23	476.57	411.63	475.87	338.13	259.28
Equity bargains	—	23,037	19,323	17,914	18,167	18,491	9,885
Shares traded (ml)	—	308.2	257.8	224.1	254.9	170.5	141.6

♥ 10 am 1107.4. 11 am 1108.5. Noon 1109.5. 1 pm 1110.3. 2 pm 1111.2. 3 pm 1112.1. 4 pm 1112.5.

Day's High 1113.5. Day's Low 1106.1.

Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.72.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	76.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.98 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1146.9 (25/11)	911.0 (5/12)	1146.9 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (28/10/71)

	Dec. 20	Dec. 19
Daily Gilt Edged Bargains	113.2	111.6
Equities Bargains	149.3	125.2
Value	1144.5	962.9
5 day Average Gilt Edged Bargains	117.7	122.5
Equities Bargains	125.6	121.1
Value	915.9	872.0

FT-Actuaries year-end changes

IN ADDITION to the year-end changes in the FT-Actuaries indices published last Saturday, the following companies will be inserted into the series: James Neill, to Mechanical Engineering (6), Newman Industries, to Other Industrial Materials (10), Photo-Me International, to Leisure (29) and Regalian Properties, to Property (69). Stocks to be deleted are: J. Bibby, from 46, British Investment Trust, from 71, and Capital & Counties, from 69. The previously stated inclusion of Pentos in the Stores subsection (34) will not now be made.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Dec 23 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri Dec 20 Index No.	Thur Dec 19 Index No.	Wed Dec 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	568.67	+0.6	10.12	4.05	12.37	15.66	565.20	567.40	561.85	549.53
2	Building Materials (23)	631.18	+1.5	10.56	4.33	11.82	18.51	621.68	620.12	611.40	505.23
3	Contracting, Construction (27)	914.60	+0.2	10.51	4.74	12.25	28.55	912.83	911.33	904.57	730.62
4	Electricals (13)	1511.72	+0.6	9.67	5.02	13.49	52.34	1503.13	1516.33	1506.92	1600.22
5	Electronics (39)	1405.64	+0.7	10.60	3.24	12.38	32.14	1396.24	1415.92	1406.85	1924.40
6	Mechanical Engineering (61)	321.79	+0.5	10.76	4.48	11.29	9.89	320.33	320.76	318.66	273.70
8	Metals and Metal Forming (7)	239.67	+0.5	9.19	6.82	13.28	7.98	238.39	241.31	236.69	165.67
9	Motors (17)	206.00	+1.5	11.64	4.31	10.36	5.95	202.89	203.67	201.44	138.14
10	Other Industrial Materials (20)	1003.91	−0.3	7.73	3.62	15.49	25.55	1007.37	1004.57	990.11	819.10
21	CONSUMER GROUP (177)	757.70	—	8.69	3.64	14.43	19.20	757.47	758.67	752.22	606.05
22	Brewers and Distillers (23)	770.35	−0.6	9.79	4.00	13.10	20.75	774.93	768.72	757.06	550.83
25	Food Manufacturing (22)	565.02	—	10.65	4.47	12.07	18.15	564.96	561.49	558.52	465.87
26	Food Retailing (14)	1731.30	+0.2	6.34	2.60	21.24	29.04	1727.96	1731.45	1719.40	1405.81
27	Health and Household Products (9)	1214.10	+0.4	6.31	2.70	18.61	23.08	1208.77	1203.89	1190.63	1009.54
29	Leisure (24)	748.55	−0.2	7.48	4.50	17.05	23.83	749.81	751.48	751.54	668.00
32	Newspapers, Publishing (11)	1830.05	+0.1	7.39	5.34	17.11	60.91	1828.21	1822.66	1831.20	1440.53
33	Packaging and Paper (13)	362.38	+0.1	9.61	4.27	12.47	10.30	362.11	362.72	362.71	288.75
34	Stores (42)	753.80	+0.2	7.07	2.89	19.10	15.85	752.57	761.92	756.41	538.67
35	Textiles (16)	381.71	+0.5	11.63	4.50	9.75	11.43	379.60	378.45	377.20	295.64
36	Tobaccos (3)	880.37	−0.1	14.98	5.10	7.62	31.43	881.65	892.58	878.07	897.68
41	OTHER GROUPS (98)	699.68	−0.2	9.01	4.15	13.33	20.53	700.98	706.07	701.77	597.81
42	Chemicals (18)	727.13	+0.4	13.00	5.33	9.59	26.71	724.53	731.17	726.19	723.99
44	Office Equipment (4)	206.82	−0.5	7.70	4.24	15.49	6.20	207.89	211.02	210.99	150.20
45	Shipping and Transport (10)	1313.76	+0.3	7.55	4.18	16.18	40.16	1310.25	1322.40	1318.40	957.81
46	Miscellaneous (64)	865.06	−0.2	8.27	3.85	14.84	23.06	866.49	869.54	860.29	783.32
48	Telephone Networks (2)	869.59	−0.5	9.48	3.77	14.47	23.81	874.01	881.10	877.95	682.20
49	INDUSTRIAL GROUP (482)	700.81	+0.1	9.32	3.87	13.59	18.85	700.00	702.51	696.75	599.00
51	Oils (18)	1119.95	+0.4	18.53	7.81	6.41	61.16	1115.12	1118.47	1103.44	1027.40
59	500 SHARE INDEX (500)	736.80	+0.2	10.41	4.33	12.00	22.26	735.67	737.64	731.76	635.17
61	FINANCIAL GROUP (116)	513.69	+0.6	—	4.75	—	17.23	510.79	512.87	509.71	431.45
62	Banks (6)	527.27	+1.6	17.40	5.65	8.21	21.12	518.78	520.75	514.83	431.27
65	Insurance (Life) (9)	780.14	—	—	4.36	—	23.53	779.70	778.62	770.74	581.72
66	Insurance (Composite) (7)	400.57	+0.5	—	4.92	—	13.79	398.48	399.37	394.42	310.04
67	Insurance (Brokers) (8)	1161.41	+0.3	7.34	3.75	18.20	30.06	1158.01	1158.79	1148.44	1022.52
68	Merchant Banks (11)	280.60	—	—	3.71	—	7.27	280.70	280.83	281.36	218.53
69	Property (51)	663.62	—	5.99	3.73	22.20	18.01	663.73	666.84	669.25	638.00
70	Other Financial (24)	294.93	+0.2	10.17	5.91	12.13	12.34	294.26	300.30	301.52	268.98
71	Investment Trusts (105)	642.93	—	—	3.70	—	15.53	642.92	642.57	639.64	565.06
81	Mining Finance (3)	245.22	−0.9	13.64	6.33	8.53	10.50	247.39	244.27	244.35	271.00
91	Overseas Traders (14)	589.01	−0.1	13.48	6.96	8.80	29.33	589.70	586.91	582.67	614.63
99	ALL-SHARE INDEX (738)	672.30	+0.2	—	4.41	—	20.65	670.98	672.66	667.66	580.86

	Index No.	Day's Change	Day's High	Day's Low	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Year ago
FT-SE 100 SHARE INDEX	1388.6	+2.1	1388.6	1383.8	1386.5	1390.7	1378.8	1365.4	1376.5	1205.20

FIXED INTEREST

PRICE INDICES — AVERAGE GROSS REDEMPTION YIELDS

	British Government	Mon Dec 23	Fri Dec 20	Year ago (approx.)
1	Low 5 years	10.17	10.18	10.55
2	Coupons 15 years	10.31	10.34	10.41

BRITISH GOVERNMENT INDEX—LINKED STOCKS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Allied Colloids, BSG, Charterhall, Thomas Robinson, Leisure International, Memcom, Eglinton, Gestetner, Sound Diffusion, Bristol Channel, Westland, Marley, Brunswick Oil, Driefontein, Duport, Croda, Tricentrol and STC. STC were also dealt in for the put. No double options were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	62	22	25
Corpns Dom & Foreign Bonds	16	9	67
Industrials	378	214	906
Financial & Props	99	69	399
Oils	33	18	76
Plantations	4	6	8
Mines	20	71	89
Others	54	49	135
Totals	666	458	1,695

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 61,900

A=Ask B=Bid C=Call P=Put

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (41)

BRITISH FUNDS (1) Treas 3pc 1987. BANKS (4) Algemene Bank, Banaco de Santander, Commerzbank, Deutsche Bank. BREWERS (1) Irish Distillers. BUILDINGS (2) French Kier, Lafarge Coppee. CHEMICALS (4) Akzo, Bayer AG, Hoechst Snia BPD. STORES (1) Ramar Textiles. ELECTRICALS (2) Dewhurst A, First Castle. ENGINEERING (3) Spear & Jackson, Tex Hldgs, Wagon Indl. FOODS (4) BSN, Dart & Kraft, Fil. Fisher (A). INDUSTRIALS (10) BET Defd, Cole Group, Macarthy's Pharm, Ozalid 9pc Cnv 1987-92, Reckitt & Colman, Slaba, Spring Ram, Stainless Metalcraft, Unigroup, Unilever N.V. INSURANCE (1) Allianz AG. MOTORS (1) Lucas Inds. TRUSTS (6) English & N.Y. Trust, Murray Growth, Robeco (Br), Do. Sub Shs, US Debenture Corp, London & Assoc Inv. OVERSEAS TRADERS (1) Nesco Invs.

NEW LOWS (39)

BRITISH FUNDS (5) Exch 14pc 1986, Treas 2½pc IL 2009, Treas 2½pc 2013, Treas 2½pc IL 2016, Treas 2½pc IL 2020. AMERICANS (2) Corporate Data Sciences, Louisiana Land. BANKS (2) Bank Leumi, Wintrust. BUILDINGS (2) AMEC, Access Satellite. STORES (1) Bedford (Wm). ELECTRICALS (1) Quest Automation. INDUSTRIALS (2) Aeronite, Hartons. LEISURE (1) Miss World. NEWSPAPERS (1) Assoc Book Publishers. PAPER (2) Good Relations, Peter (Michael). PROPERTY (2) Lend Lease, Stewart Nairn. SHIPPING (1) Mersey Dock Units. TEXTILES (1) Corah. TRUSTS (2) Pacific Inv Tst Wrrts, London Merchant Sec. OILS (3) Eglinton Oil & Gas, First-land Oil, Hamilton Oil Corp. PLANTATIONS (1) Anglo-East Plants. MINES (10) East Daggs, Driefontein, Libanon, President Brand, President Steyn, Unisel, Western Hldgs, Black Hill Minerals, Eastern Petrol Aust, Greenwich Resources.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. t Indicated dividends: cover relates to previous dividend: p/e ratio based on latest annual earnings. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising five ordinary and one warrant. * Units comprising 12 preference shares and one warrant.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Allied Colloids	171	+21
Cannon St Invs	98	+13
Euro Ferries	*139*	*− 6*
Fisher (A.)	145	+ 5
Goal Petroleum	58	+ 4
Lloyds Bank	474	+ 9
Lucas Inds	480	+22
NatWest Bank	672	+10
Ocean Transport	180	− 2
Reed International	675	—
Sunleigh Elect	16½	+ 2
Unigroup	104	+12

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
LASMO	30	246	+16
Metal Closures	30	145	− 3
Exco Intl	*28*	*203*	*−27*
Beecham	24	336	+ 1
Utd Biscuits	24	241	+ 4
Eng China Clay	21	287	+13
Brit Home Strs	20	330	− 6
Boots	19	258	− 1
Firth (G. M.)	19	67	− 2
Grand Met	19	395	+ 5
Micro Bus Syst	19	65	+ 5
Sangers Photo	19	85	− 8

LONDON TRADED OPTIONS

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*426)	360	73	—	—	1½	—	—
	390	43	53	—	5	8	—
	420	24	35	45	17	23	28
	460	7	15	32	40	48	48
Racal (*166)	130	32	38	44	2½	6	7
	140	24	30	36	5	10	12
	160	12	20	28	12	16	20
	180	5	11	16	26	30	34

December 23 Total contracts 7,408 Calls 6,019 Puts 1,389

*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Dec. 23	Price Sch%	+ or —
Credit'nst'lt ppd	430	—18
Goesser	614	+4
Interunfall	1,480	—10
Jungbunzlauer*	41,500	
Laenderbank *	2,030	—30
Perlmooser	720	
Steyr Daimler	161	+2
Veitscher Mag	949	

BELGIUM/LUXEMBOURG

Dec. 23	Price Frs.	+ or —
B.B.L.	3,550	+5
Banq. Gen. Lux	9,600	
Banq. Int.A.Lux	9,350	+50
Bekaert	8,810	+20
Ciment CBR	2,915	+55
Cockerill	198	+1
Delhaize	8,600	
EBES	3,870	+25
Electrobel	11,050	+125
Fabrique Nat.	2,100	+25
GB Inno BM	4,980	
GBL (Brux)	2,555	+35
Generale Bank	4,620	
Gevaert	5,030	+60
Hoboken	5,830	+130
Intercom	5,000	—40
Kredietbank	11,300	+100
Pan Hldgs	9,930	
Petrofina	6,630	—20
Royale Belge	18,200	
Soc. Gen. Belge	2,320	+45
Sofina	8,210	+60
Solvay	6,100	—50
Stanwick Intl	1,130	—10
Tractionel	4,975	+145
UCB	5,550	
Wagons Lits	4,040	+10

DENMARK

Dec. 23	Price Kr. %	+ or —
Andelsbanken	408	+1
Baltica Skand	685	
Cop Handelsb'nk	347xr	+1
D. Sukkerfab	475	+5
Danske Bank	394	
De Danske Luft.	1,480	
East Asiatic	249	+6

GERMANY

Dec. 23	Price Dm.	+ or —
AEG	233	+4.5
Allianz Vers	2,025	+91
BASF	268.6	+1.1
Bayer	270	+0.2
Bayer.Hypo	506	—6
Bayer-Verein	513	+7
BHF-Bank	499	+1
BMW	568	+6
Brown Boveri	296	+2
Commerzbank	333.5	+7
Cont'l. Gummi	164.5	+0.7
Daimler-Benz	1,243	+52.5
Degussa	424	—1.5
D'sche Babcock	209	+1.5
Deutsche Bank	914.5	+19.5
Dresdner Bank	415	+6
GHH	242.5	+2
Henkel	402	+1
Hochtief	800	—30
Hoechst	272.8	
Hoesch Werke	166.2	—0.3
Holzmann (P)	465	—5
Horten	213	+2
Hussel	420	
Karstadt	331	
Kaufhof	341	+1
KHD	310	—5
Kloeckner	91	—0.8
Linde	592	+10.5
Lufthansa	231.8	+2.5
MAN	228	+6
Mannesmann	294	+2.5
Mercedes Hld.	1,129.5	+38.5
Metallgesell	316½	—3½
Muench Rueck	2,820	+20
Nixdorf	563	
Porsche	1,236	—14
Preussag	255.5	—1.5
Rhein West Elect	193.5	+2
Rosenthal	335	—5
Schering	636	+2
Siemens	732.2	+17.5
Thyssen	168.8	+3.1
Varta	275	—5.5
Veba	294	
V.E.W.	140	+1
Verein-West	403	+8
Volkswagen	459	+15

ITALY

NORWAY

Dec. 23	Price Kroner	+ or —
Bergens Bank	172	—0.5
Borregaard	443	
Christiania Bank	176	—5
DenNorske Cred	185	—2.5
Elkem	105.5	—5.5
Kosmos	177.5	+7.5
Kvaerner	183	+2
Norsk Data	414	+20
Norsk Hydro	148	+1.5
Storebrand	267.5	—6

SPAIN

Dec. 23	Price Pta %	+ or —
Bco Bilbao	433	
Bco Central	338	+3
Bco Exterior	204	
Bco Hispano	157	
Bco Popular	444	
Bco Santander	416	+1
Bco Vizcaya	669	+4
Dragados	142	
Hidrola	84.7	+1.5
Iberduero	106	+3.5
Petroleos	161	+6.3
Telefonica	126	—4

SWEDEN

Dec. 23	Price Kronor	+ or —
AGA	182	—1
Alfa Laval B	264	+1
ASEA (Free)	326	+1
Astra (Free)	505	+5
Atlas Copco	177	—6
Cardo (Free)	263	—1
Cellulosa	171	+1
Electrolux B	191	—3
Ericsson B	228	—4
Esselte	450	
Mo och Domsjo	196	—6
Pharmacia	189	—1
Saab Scania Free	505	
Sandvik	710	
Skandia	570	+5
Skan Enskilda	77	
SKF	289	—1
Sonneson	133	—3
Stora Kopparbrg	170	—8
Sven Handlesbn	233	—1
Swedish Match	240	+12
Volvo B (Free)	312	

SWITZERLAND

Dec. 23	Price Frs.	+ or —
Adia Intl.	4,450	+50
Alusuisse	680	—3
Bank Leu	4,200	
Brown Boveri	1,800	
Ciba Geigy	3,900	+100
do. (Part Certs)	3,000	
Credit Suisse	3,675	+13
Elektrowatt	3,440	
Fischer (Geo.)	1,140	+30
Hoff-Roche PtCts	116,875	+375
Hoff-Roche 1/10	11,725	+50

AUSTRALIA (continued)

Dec. 23	Price Aust.$	+ or —
Gen. Prop. Trust	2.15	+0.06
Hardie (James)	5.15	
Hartogen Energy	1.85	+0.05
Herald W'yTimes	6.1	
ICI Aust	2.16	+0.01
Jimberlana F.P.	0.23	
Kia Ora Gold	0.15	+0.01
Kidston Gold	4.75	
Lend Lease	5.8	+0.02
MIM	2.62	
Mayne Nickless	3.25	+0.1
Myer Emporium	3.5	
Nat. Aust. Bank	4.5	
News	8.96	—0.04
Nicholas Kiwi	2.4	
NorandaP'e/P/pd	0.65	
North Bkn Hill	2.28	+0.05
Oakbridge	1.15	
Pancontinental	1.72	
Pioneer Conc	2.4	+0.08
Poseidon	2.6	—0.05
Queensland Coal	1.4	
Reckitt & Colman	3.5	
Repco	1.56	
Santos	5.28	
Smith (Howard)	4.4	
Thos. Natwide	2.48	+0.03
Tooth	6.1	
Vamgas	2.85	—0.05
Western Mining	3.15	—0.05
Westpac Bank	4.5	
Woodside Petrol	1.2	
Woolworths	3.42	+0.02
Wormald Intl	3.65	

HONG KONG

Dec. 23	Price H.K.$	+ or —
Bank East Asia	24.1	—0.4
Cheung Kong	20.7	—0.3
China Light	14.8	—0.1
Evergo	0.56	
Hang Seng Bank	44.5	—0.75
Henderson Land	2.12	
HK China Gas	13.7	—0.2
HK Electric	8.35	
HK Kowloon Wh.	7.35	—0.05
HK Land	6.6	
HK Shanghai BK.	7.65	
HK Telephone	9.8	—0.15
Hutchison Wpa	26.4	—0.2
Intl. City	0.99	
Jardine Math	13.3	
New World Dev.	6.7	—0.2
Orient O'seas	1.99	
SHK Props	12.5	
Shell Elect	0.91	
Swire Pac A	29.9	—0.5
TV—B	6.25	—0.05
World Int. Hldgs.	2.47	—0.15

JAPAN

Dec. 23	Price Yen	+ or —
Ajinomoto	1,120	+10
All Nippon Air	705	—1
Alps Electric	1,790	+50
Asahi Chem	796	—7

JAPAN (continued)

Dec. 23	Price Yen	+ or —
MHI	366	—9
Mitsui Bank	1,020	
Mitsui	452	+2
Mitsui Estate	1,110	+30
Mitsui Toatsu	212	+2
Mitsukoshi	652	+8
NGK Insulators	916	+6
Nikko Sec	710	
Nippon Denso	1,420	+10
Nippon Elect	1,396	—10
Nippon Express	599	+2
Nippon Gakki	1,610	+10
Nippon Kogaku	1,060	+20
Nippon Kokan	133	
Nippon Oil	785	+6
Nippon Seiko	526	+1
Nippon Shimpan	750	—5
Nippon Steel	155	
Nippon Suisan	341	+6
Nippon Yusen	334	—5
Nissan Motor	671	—4
Nisshin Flour	486	+1
Nomura	1,090	
Olympus	1,020	+20
Onoda Cement	315	+4
Orient Finance	915	
Orient Leasing	2,800	
Pioneer	1,800	
Ricoh	1,100	+20
Sankyo	1,090	+10
Sanwa Bank	1,380	+20
Sanyo Elect	396	+6
Sapporo	620	+16
Sekisui Prefab	865	+23
Seven-Eleven	2,370	
Sharp	916	+16
Shimizu Constn	379	+9
Shionogi	786	+1
Shiseido	1,380	—40
Showa Denko	212	+1
Sony	4,000	+20
S'tomo Bank	1,680	
S'tomo Chem	252	
S'tomo Corp	720	+6
S'tomo Elect	880	—8
S'tomo Metal	139	
Taise Corp	333	+7
Taisho Marine	643	—2
Taiyo Kobe Bank	715	—1
Takeda	979	+4
TDK	4,370	+60
Teijin	477	+1
Toa Nenryo	1,180	+10
Tokai Bank	990	
Tokio Marine	903	+5
Tokyo Elect Pwr	2,860	+40
Tokyo Gas	305	+7
Tokyu Corp	574	+24
Toppan Print	990	+5
Toray	515	
Toshiba Elect	373	+7
Toyo Seikan	1,670	+90
Toyota Motor	1,210	+20
UBE Inds	210	+5
Victor	1,630	+40
Yamaha	659	—2
Yamaichi Sec	740	—10
Y'manouchiPhm	3,020	—20
Yamazaki	920	—5
Yasuda Fire	530	+5

SINGAPORE

SOUTH AFRICA

CANADA

TORONTO

Prices at 2.30pm December 23

Indices

NEW YORK—DOW JONES

TORONTO

TORONTO	Dec 23	Dec 20	Dec 19	Dec 18
Metals & Minls	2,051.5*	2,068.99	2,076.4	2,074.57
Composite	2,874.5*	2,873.39	2,873.8	2,871.21
MONTREAL Portfolio	141.36	141.12	141.18*	141.98

* Indicates pre-close figure

	Dec. 23	Dec. 20	Dec. 19	Dec. 18	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	990.5	986.6	986.9	986.1	1052.2 (25/10)	715.3 (7/1)
Metals & Minls.(1/1/80)	477.9	476.0	480.5	477.9	563.8 (20/5)	462.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	117.30	116.95	116.29	115.97	121.35 (26/11)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2986.81	2695.77	2674.36	2652.94	2988.36 (25/11)	2090.7 (10/1)
DENMARK						
Copenhagen SE (3/1/83)	234.41	(u)	232.88	235.67	237.57 (24/10)	158.44 (6/1)
FRANCE						
CAC General (31/12/82)	257.1	252.4	251.0	251.1	257.1 (23/12)	180.3 (8/1)
Ind Tendance (28/12/84)	150.9	147.3	145.5	145.6	150.9 (23/12)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	641.45	626.21	616.51	619.24	641.45 (23/12)	392.88 (3/1)
Commerzbank (1/12/53)	1908.0	1871.1	1855.9	1844.6	1908.0 (23/12)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1704.29	1720.16	1726.85	1726.94	1762.51 (21/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	451.97	449.84	446.56	444.61	451.97 (23/12)	220.56 (2/1)
JAPAN**						
Nikkei (16/5/49)	13045.8	13011.09	13115.0	13102.3	13128.9 (17/12)	11545.2 (6/1)
Tokyo SE New (4/1/68)	1038.81	1039.24	1046.25	1045.17	1057.55 (10/7)	916.58 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	254.2	250.8	247.1	242.6	254.2 (23/12)	186.6 (8/1)
ANP-CBS Indust (1970)	239.4	235.5	231.8	226.0	239.4 (23/12)	147.9 (8/1)
NORWAY						
Oslo SE (4/1/83)	389.42	387.3	392.65	395.18	412.88 (12/11)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	596.18	600.28	604.15	622.68	852.65 (7/3)	596.18 (23/12)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1151.8	—	1105.1	1277.1 (25/11)	829.5 (6/8)
JSE Indust (28/9/78)	—	1042.0	—	1036.7	1049.2 (26/11)	767.1 (7/8)
SPAIN						
Madrid SE (28/12/84)	184.83	134.27	134.83	185.37	187.85 (16/12)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1698.95	1,716.85	1736.61	1724.06	1750.58 (16/12)	1285.82 (8/7)
SWITZERLAND						
Swiss BankCpn (31/12/58)	567.2	561.4	560.8	557.6	567.2 (23/12)	528.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	252.2	252.1	251.6	258.2 (16/12)	184.6 (4/1)

** Saturday December 21: Japan Nikkei 12,962.8. TSE 1034.77.

Base value of all indices is 100, except: JSE Gold—255.7; JSE Industrial—264.3; Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Treas. 13pc 2000	£115¼	+ ½
Abaco Invs.	27½	+2½
Cannon St Invs.	98	+13
Caparo Props.	50	+ 7
Cole Group	321	+41
First Nat. Fin. Crp.	160	+ 5
Fisher (A.)	145	+ 5
Hunter Saphir	123	+ 6
Kode Intl.	103	+10
Lucas Inds.	480	+22
Midland Bank	432	+ 9
NatWest Bank	672	+10
P. & O. Defd.	428	+12
Robinson (Thos.)	168	+13
Sperati (C.A.)	350	+60
Tricentrol	150	+ 8
Unigroup	104	+12
Vickers	300	+10

NORTH AMERICAN QUARTERLIES

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 25

NYSE COMPOSITE PRICES

Prices at 3pm, December 23

Continued from Page 25

Prices at 3pm, December 23

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26¾	16	AAR	.56	2.2	18	56	25⅝	25¼	25½	−⅛
20⅛	10⅛	AGS			16	275	u20½	20	20½	+¾
15⅝	9⅛	AMCA				3	11⅜	11⅜	11⅜	−⅛
50¾	33½	AMR			7	4933	40¾	39⅝	40⅛	−⅞
24¾	18⅝	AMR pf2.18		9.3		8	23½	23½	23½	
25⅞	23¼	ANR pf2.67		11.		3	24⅝	23¾	24⅝	+½
22	19	ANR pf2.12		11.		3	20⅛	20⅛	20⅛	
11¾	7⅝	APL			5	29	11⅜	11⅛	11⅜	+⅛
16¾	9	ARX			15	1909	16¼	16⅛	16¼	+⅛
55⅝	32¾	ASA	2a	6.0		476	34¼	33¼	33¼	−¾
27	10½	AVX	.32	2.2		190	14½	14¼	14⅜	
28⅛	20⅝	AZP	2.72	10.	7	332	26¾	26¼	26⅝	−⅛
72	39⅞	AbtLab	1.40	2.1	18	1664	66¾	66⅛	66⅞	−½
26⅝	19⅝	AccoWd	.50	1.9	19	55	26½	26⅛	26½	+⅜
24¾	10	AcmeC	.40	3.3	17	337	12	11½	12	+½
10½	7	AcmeE	.32b	3.8	13	50	8⅜	8¼	8½	+⅛
19½	15½	AdaEx	1.92e	10.		55	19½	19¼	19¼	−⅛
22⅝	14	AdmMl	.40	1.9	9	17	21¼	21	21	−⅛
18⅝	8½	AdvSys	.53t	3.2	15	170	16¾	16⅝	16⅝	+⅛
36⅝	22⅞	AMD			42	1329	28⅛	28⅛	28¼	−⅝
12⅝	10⅝	Adobe n				153	12	11⅝	12	+⅛
17	14⅝	Adob pf1.84		11.		75	16¾	16½	16¾	+¼
17⅞	15¼	Adob pf2.40		13.		30	17⅞	17¾	17⅞	+⅛
13⅜	7½	Advest	.12a	.9	18	477	13⅛	13	13	−⅛

Continued on Page 25

هكذا من الأصل

NYSE COMPOSITE PRICES

Continued from Page 24

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅞	17⅛	UnitInd 60b		2.4	10	140	25¼	24⅞	25	+⅛
45	35¾	Unitinn .22		.5	61	18	44⅛	44⅛	44⅛	−¼
38	21¼	UJerB s1.16		3.2	11	34	37	36¾	36¾	−⅞
18¾	11½	UnitMM				325	18½	18⅛	18¼	+⅛
3⅞	2	UPkMn			1	35	3½	3⅜	3⅜	−⅛
38½	27¼	UsairG .12		.4	8	2411	35	33⅝	34¼	−¾
8⅞	5	USHom				705	6	5¾	5¾	−¼
42½	31½	USLeas 80		2.1	11	214	38½	38½	38	+½
46	24¼	USShoe 92		2.1	14	129	44¼	43½	43½	−¾
33	24⅝	USSteel 20		4.8	24	3493	25	24⅝	25	−⅛
33	25⅞	USStl pf2.25		8.2		378	27⅜	26⅞	27⅜	+¼
39⅞	29½	USTob 1.72		5.2	10	240	34¼	32⅞	33¾	−⅝
89¾	68	USWest6.72		6.5	9	659	88½	88	88¼	−⅛
13	6⅞	UnStck			15	42	9½	9½	9½	+⅛
45½	34½	UnTechl.40		3.1	297	1457	45¼	44⅛	44½	−1
39¼	31½	UTch pf2.55		7.0		130	37½	36¼	36½	−1
25	20⅛	UniTel 1.92		8.3	10	1035	23½	22¾	23¼	+⅛
36¼	31	UniTl pf1.50		4.3		1	34½	34½	34½	+1½
22	15⅜	UWR 1.28		5.9	17	56	21⅞	21¾	21⅞	+¼
32½	17¾	Unitrde .20		.9	22	379	21¾	21⅛	21⅛	−⅜
25½	16¼	Univar .80		3.4	8	66	24⅝	23⅞	23⅞	−⅝
30½	22⅞	UnivFd1.12		3.7	12	67	30½	30¼	30½	+⅛
24⅜	18¾	UnLeaf 1		4.3	9	73	23½	23⅛	23⅛	−⅝
53	26⅛	Unocal 1.20b		4.4	7	1339	27⅜	27	27¼	+⅛
141½	66¾	Upjohn2.80		2.1	22	613	132½	131	131¾	+1⅛
43	32½	USLIFE1.12		3.0	10	152	38⅜	37⅝	37¾	½
34¼	30⅜	USLF pf3.33		9.7		1	u34½	34½	34½	+⅝
11	9⅛	UslfeFd .06a		10.		67	10⅞	10⅝	10¾	
26⅞	21	UtaPL 2.32		9.1	13	398	26	25½	25½	½
28	23	UtPL pf2.80		10.		2	27	27	27	+¼
28¾	23⅝	UtPL pf2.90		10.		17	28⅛	28	28	+⅛
24	19	UtPL pf2.36		10.		105	23⅝	23⅜	23⅜	
21⅛	17	UtPL pf2.04		10.		48	20½	20⅛	20½	+¼
27½	19½	UtilCo 1.40b		6.0	8	103	23½	23¼	23¼	⅛
23	19⅝	UtilCo pf2.44		11.		3	22⅝	22⅝	22⅝	+¼
24¾	20½	UtilCo pr2.61		11.		1	24	24	24	+⅛
		V V V								
54	25⅞	VF Corp1.28		2.5	12	654	52½	51½	51½	1⅛
14¾	6	Valero			143	795	13	12¾	12⅞	⅛
25⅝	15⅜	Valer pf3.44		14.		14	25	24⅞	25	+¼
3⅛	2¼	Valeytn				124	2½	2¼	2½	+⅛
29⅜	19⅜	VanDrn 1		3.4	9	103	u29½	29⅛	29½	+¼

Continued on Page 23

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, December 23

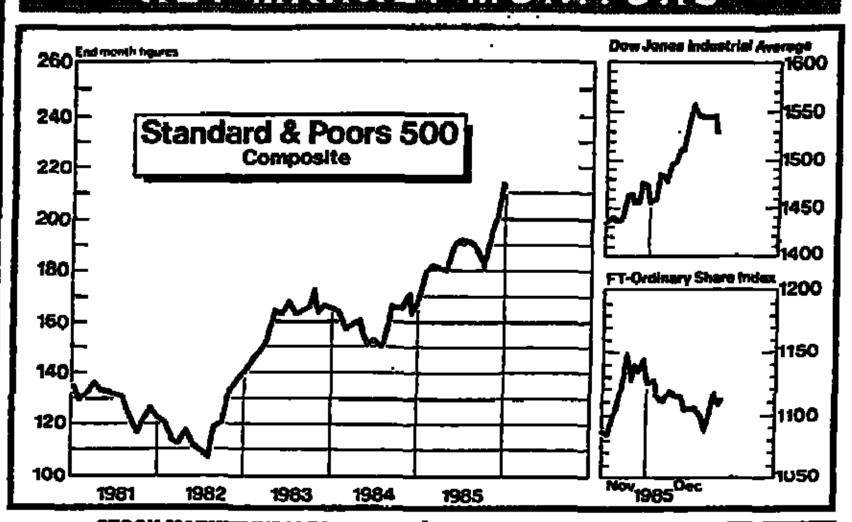
OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 23

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

	Dec 23	Previous	Year ago
NEW YORK			
DJ Industrials	1,530.05*	1,543.00	1,198.98
DJ Transport	703.77*	711.26	550.38
DJ Utilities	173.01*	174.96	146.80
S&P Composite	208.70*	210.94	165.51
LONDON			
FT Ord	1,113.5	1,108.6	926.0
FT-SE 100	1,388.6	1,386.5	1,204.7
FT-A All-share	672.30	670.98	580.86
FT-A 500	736.80	735.67	635.17
FT Gold mines	244.8	254.4	477.7
FT-A Long gilt	10.43	10.53	10.33
TOKYO			
Nikkei	13,043.04	13,011.90	11,474.30
Tokyo SE	1,038.80	1,038.24	895.73
AUSTRALIA			
All Ord.	990.5	986.6	719.7
Metals & Mins.	477.9	476.0	407.9
AUSTRIA			
Credit Aktien	117.39	116.93	59.20
BELGIUM			
Belgian SE	2,896.31	2,895.77	—
CANADA	Dec 23	Prev	Year ago
Toronto			
Metals & Minls	2,051.80*	2,068.99	1,914.0
Composite	2,874.9	2,873.3	2,380.6
Montreal			
Portfolio	141.16*	141.36	119.20
DENMARK			
SE	234.41	232.68	166.79
FRANCE			
CAC Gen	257.1	252.4	180.9
Ind. Tendance	150.9	147.3	99.7
WEST GERMANY			
FAZ-Aktien	641.45	626.21	376.59
Commerzbank	1,908.0	1,871.1	1,093.0
HONG KONG			
Hang Seng	1,704.29	1,720.16	1,198.59
ITALY			
Banca Comm.	451.97	449.84	224.95
NETHERLANDS			
ANP-CBS Gen	254.2	250.8	181.0
ANP-CBS Ind	239.4	235.3	144.5
NORWAY			
Oslo SE	389.42	387.30	281.16
SINGAPORE			
Straits Times	596.18	600.29	807.72
SOUTH AFRICA			
JSE Golds	–	1,151.8	924.0
JSE Industrials	–	1,042.0	923.8
SPAIN			
Madrid SE	134.83	134.27	99.35
SWEDEN			
J & P	1,698.95	1,716.85	1,353.90
SWITZERLAND			
Swiss Bank Ind	567.2	561.4	384.7
WORLD	Dec 20	Prev	Year ago
Capital Int'l	252.2	252.1	186.3

CURRENCIES

(London)	US DOLLAR Dec 23	US DOLLAR Previous	STERLING Dec 23	STERLING Previous
$	–	–	1.4275	1.4245
DM	2.504	2.51	3.575	3.575
Yen	202.5	202.6	289.0	288.5
FFr	7.68	7.7175	10.965	10.995
SFr	2.103	2.111	3.0025	3.0075
Guilder	2.826	2.8315	4.035	4.035
Lira	1,712.5	1,718.5	2,444.5	2,448.0
BFr	51.2	51.45	73.1	73.3
C$	1.39625	1.3959	1.99975	1.9875

GOLD (per ounce)

	Dec 23	Prev
London	$327.75	$326.00
Zürich	$327.55	$325.75
Paris (fixing)	$377.44	$324.24
Luxembourg	$325.00	$324.50
New York (Feb)	$328.30	$328.70

COMMODITIES

(London)	Dec 23	Prev
Silver (spot fixing)	409.60p	409.40p
Copper (cash)	£973.50	£988.50
Coffee (Jan)	£2,720.00	£2,718.50
Oil (spot Arabian Light)	$27.80	$27,825

INTEREST RATES

	Dec 23	Prev
Euro-currencies (3-month offered rate)		
£	11⅞	11⅞
SFr	4¾	4 7/16
DM	5	5
FFr	13¼	13
FT London Interbank fixing (offered rate)		
3-month US$	8 1/16	8
6-month US$	8 1/16	8
US Fed Funds	8*	8 3/16
US 3-month CDs	7.65*	7.80
US 3-month T-bills	7.08*	7.33

US BONDS

Treasury		Dec 23* Price	Dec 23* Yield	Prev Price	Prev Yield
7⅞	1987	99 23/32	7.987	99 21/32	8.013
9⅝	1992	104 13/32	8.875	104 5/32	8.941
9½	1995	102 27/32	9.042	102 19/32	9.102
9⅞	2015	105 15/32	9.324	104 29/32	9.39

Treasury Index

Maturity (years)	Return Index	Dec 23* Day's change	Yield	Day's change
1–30	137.72	+0.15	8.69	+0.00
1–10	134.26	+0.13	8.43	+0.00
1– 3	128.95	+0.09	8.04	+0.01
3– 5	136.17	+0.16	8.59	−0.01
15–30	150.17	+0.18	9.59	−0.01

Source: Merrill Lynch

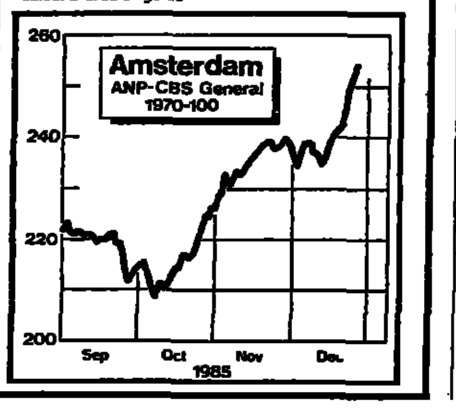
Corporate	Dec 23* Price	Dec 23* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	101½	9.90	101½	9.90
3⅞ July 1990	86½	7.45	86½	7.45
8¾ May 2000	90⅝	10.00	90⅝	10.00
Xerox				
10⅝ Mar 1993	104¼	9.35	104¼	9.35
Diamond Shamrock				
10⅝ May 1993	102	10.20	102	10.20
Federated Dept Stores				
10⅜ May 2013	102	10.40	102	10.40
Abbot Lab				
11.80 Feb 2013	113⅝	10.30	113⅝	10.30
Alcoa				
12¼ Dec 2012	108⅝	11.25	108⅝	11.25

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	84–25	85–00	84–13	84–29
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.25	93.26	93.21	93.27
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.63	92.63	92.57	92.66
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	92.30	92.33	92.26	92.30
20-year Notional Gilt £50,000 32nds of 100%				
Mar	111–01	111–03	110–31	110–01

* Latest available figures



WALL STREET

Profit-taking gathers momentum

UNABASHED profit-taking overpowered Wall Street stock markets yesterday as the sell-off initiated late on Friday gathered pace although declines were accentuated by small pre-Christmas trading volumes.

At the close the Dow Jones industrial average was down 14.22 at 1,523.78.

The retreat embraced the broader market although leading blue chips offered some initial resistance to the corrosive profit-taking pressures.

IBM surrendered an opening $⅝ gain to trade $⅝ lower at $153⅞ while General Electric suffered a more damaging $1⅛ fall to $70⅛. The bears pulled General Motors $1⅜ lower to $72⅜.

Pfizer had the dubious distinction of being one of the most active stocks and suffering one of the steepest declines of the session with a $3⅛ drop to $49⅞.

The setback was attributed to London newspaper reports that allegedly linked deaths in the UK to the group's anti-arthritic drug Feldene.

Retailers were also active with the final Christmas sales binge being closely monitored. The $1¼ fall to $38 for Sears, however, followed a company statement that it had no plans to restructure or repurchase any shares in the market, comments designed to combat "the undue emphasis" of opinions from a group of analysts recently at Sears.

K mart, meanwhile, traded $¾ lower to $34⅜, Dayton Hudson fell $1⅛ to $45⅝ while Toys R Us, particularly sensitive to the Christmas sales trading period, dipped $⅜ to $36¼.

Whittaker Corporation gave up $1⅛ to $18¼ after reporting a loss for the fourth quarter compared with a profit for the corresponding period last year.

Other NYSE actives included an unchanged AT&T at $25½, Texaco up $¼ at $30½ and Beatrice $⅝ higher at $46¼ after a large block trade at $46.

On the American Stock Exchange, BAT Industries was unchanged at $4 7/16 in heavy volume while Gulf Canada picked up $¼ to $15 and Wang Laboratories weakened at $⅝ to $19½.

In the bond markets, a firm 8 per cent federal funds rate and disappointment over the delay in a cut in the discount rate weighed heavily on some government notes and bonds in thin early trading.

The Treasury's bellwether long bond rose 1/32 to 105 17/32 while the 9½ of 1995 traded 1/32 higher at 102 27/32.

The three-month and six-month Treasury bills were unchanged from Friday's level of 7.11 per cent and the one-year Treasury bill moved 1 basis point lower to 7.11 per cent.

CANADA

LACKLUSTRE trading marked Toronto which traded moderately lower after last week's gains.

Gulf Canada, which traded C$⅝ higher at C$20⅞, led the actives after setting improved terms for its proposed reorganisation. Pennant Resources was also traded actively and firmed 10 cents to 42 cents after the company said it had agreed to buy gold claims in Quebec.

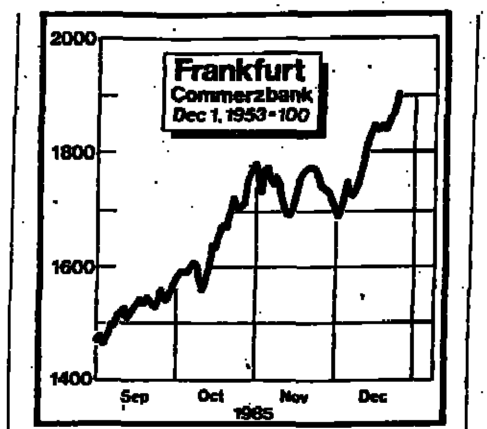
Other actives included Sears Canada, which was unchanged at C$11⅜, International Thomson, which traded C$⅛ up at C$9⅛, and Canadian Pacific, which was unchanged at C$18½. Montreal traded generally unchanged to slightly lower.

SOUTH AFRICA

THE higher international bullion price helped golds to close firmer in Johannesburg although trading was quiet ahead of tomorrow's holiday.

Driefontein added R1 to R50, Free State Geduld was 50 cents higher at R68.00 and Buffels was R1.75 up at R81.25.

Other mining sectors followed the trend with Rustenburg Platinum closing 55 cents up at R25.90 and diamond share De Beers up 35 cents to R16.45.



EUROPE

Festive fling sparks rise to peaks

THE DRAMATIC surge in share prices on the European bourses yesterday stemmed as much from highly competitive foreign buying as from local operators deciding to have one last pre-Christmas fling.

A whole batch of fresh records was achieved with blue-chip and industrial issues in West Germany, France, the Netherlands and Italy sprinting ahead on solid demand while the bond markets were mixed on isolated overseas support.

The back-slapping in **Frankfurt** was epidemic for the bourse had much to celebrate. The Commerzbank index breached the 1,900 barrier for the first time with an impressive 36.9 point rally to reach a peak 1,908.0.

The star showing yesterday was Daimler, up a dazzling DM 52.50 to a record DM 1,234 as bargain-hunters prowled among the motor sector in the wake of last week's Flick-induced decline.

The broad market and banks in particular continued to derive encouragement from last Thursday's Bundesbank decision to lower bank minimum reserve requirements and lift its monetary growth targets by ½ percentage point next year to facilitate swifter economic growth.

Deutsche Bank, at the core of the Flick events last week, posted a further DM 19.50 rise to a record DM 914.50 while Commerzbank firmed a respectable DM 7 to DM 333.50.

In the electrical sector Siemens was actively bought DM 17.50 higher at DM 732.50 while AEG posted a DM 4.50 gain to DM 238, considerably higher than the DM 170 per share offered by Daimler for control of the group.

Other features of the session included insurer Allianz's sparkling DM 98 jump to a peak DM 2,025 as engineer Linde gained DM 10.50 to DM 592 and construction group Holzmann surrendered DM 5 to DM 465.

Boss lost some of its Friday's debut advance to DM 1,000 from the flotation price of DM 815. The men's fashion group eased DM 10 to DM 990.

In the bond market, foreign activity was limited, turnover was low and gains were confined to 20 basis points on isolated position squaring at the long end.

The Bundesbank sold DM 23.4m of paper compared with sales of DM 15.6m on Friday.

The **Paris** buying spree triggered a mammoth volume which delayed closing quotes by 45 minutes. End-of-year tax incentives lured small investors into the market which was further boosted by the start of the new monthly trading account offering an attractive dose of liquidity. Strong foreign buying also underpinned the record performance.

Perrier added to Friday's gains with a sharp FFr 33 rise to FFr 458, Pernod Ricard sprinted FFr 44 ahead to FFr 810 and Moët-Hennessy advanced FFr 26 to FFr 2,405, a new high for the year.

Elf Aquitaine eased FFr 2 to FFr 198 while Skis Rossignol, adversely affected by the unseasonally warm weather, lost FFr 80 to FFr 1,270.

A late burst of activity secured another record for **Amsterdam** although attempts at profit-taking were evident. Domestic and overseas buying was focused on banks boosting ABN Fl 10 higher to Fl 590 and NMB Fl 5 to Fl 233. Publisher VNU scored a Fl 12 gain to Fl 314 while biotechnology issue Gist-Brocades added Fl 6 to Fl 289.50.

Bonds were active with gains of up to 30 basis points. Speculative foreign buying set the pace of the advance.

Milan was not left out of the trek to new peaks. Blue-chip industrials, particularly Fiat, were in intense demand. The car group hit another record with a L140 fillip to L5,810 although Montedison failed to gain any ground and finished unchanged at L2,610.

End-of-year trading also buoyed **Brussels** with interest centred on utility and electrical holding companies and isolated industrials. Market leader Petrofina continued its comeback with another BFr 30 advance to BFr 6,680 in weak volume.

Stockholm was lacklustre as institutional investors absented themselves from the market. Pharmaceuticals were spotlighted by a government decision to investigate the recent controversial flotation of drug group Leo.

Madrid was higher in dull trading.

Zurich edged slightly higher with buyers anticipating a strong market in the new year, although volume was down ahead of Christmas.

Chemicals and pharmaceuticals stole much of the limelight with Sandoz registered adding SFr 350 to SFr 5,175.

Bonds were steady.

LONDON

Uncertainty gives way to buying

BUYING of special situation issues and stocks helped lift London higher yesterday after an uncertain start early in the session.

The FT ordinary index closed up 4.9 at 1,113.5.

P&O closed 12p higher at 428p after taking a sizable stake in European Ferries, down 6p at 139p. P&O had been expected at one stage to take over European Ferries.

Lucas put on a healthy 22p to 480p on talk that its recent cash-call had been successful.

Other actives included Allied Colloids, up 21p to 171p, Cannon Street Investments, which added 13p to 98p, Fisher, which firmed 5p to 145p and Goal Petroleum, which was up 4p at 58p.

Among banks Lloyds added 9p to 474p and NatWest was 10p higher at 672p, in active trading.

Selected high-coupon gilt-edged stocks showed gains of ½ while index-linked gilts eased further on the latest indications for lower UK inflation.

Chief price changes, Page 23; Details, Page 22; Share information service, Pages 20–21.

AUSTRALIA

ACTIVITY was low in Sydney, with many traders and institutional investors on holiday. The All Ordinaries index, however, gained 3.9 to 990.4 in quiet trading.

Among actives, Bridge Oil climbed 4 cents to A$2.00 with more than 1m shares exchanged in special sales abroad. Oil and gas shares generally followed Bridge Oil upwards with Magellan 10 cents firmer A$2.20, Beach Petroleum up 5 cents to 75 cents and Ampol Exploration 5 cents higher at A$2.55. Santos was steady at A$5.28.

BHP, which issued a one-for-five bonus on Friday, firmed 4 cents to A$8.70.

Among minings, Western slipped 3 cents to A$3.15, Poseidon was down 5 cents to A$2.60 while MIM was steady at A$2.62. However, CRA firmed 4 cents to A$5.34.

Banks traded quietly mixed, with ANZ up 2 cents at A$4.30 ex-all, while Westpac and National Australia were steady at A$4.50 and A$4.60 respectively.

Elsewhere, James Hardie was steady at A$3.15, as was Herald and Weekly Times at A$5.10. News Corporation shed 4 cents to A$8.96 and Elders was 3 cents lower at A$3.00.

TOKYO

Bulls active despite lack of incentives

HOPES OF firmer prices drove shares higher in Tokyo yesterday despite an absence of fresh incentives, *writes Shigeo Nishiwaki of Jiji Press.*

Tokyo Electric Power and Mitsubishi Estate led the rise, although trading was relatively light.

The Nikkei average added 80.25 to close at 13,034.04, its first rise in three sessions. Volume totalled 255m shares, compared with last Friday's 402m.

Tokyo Electric Power was the most active stock, with 11.37m shares traded. It gained Y40 to an all-time high of Y2,860. The company should benefit from the strong yen, plus lower crude-oil prices and interest rates, and is expected to post a large recurring profit increase for the fiscal year ending next March. Investors also took a cue from the utility's plans to enter the electronic communications business.

Kandenko, an electric works contractor, climbed Y170 to a record Y3,070. Takaoka Electric Manufacturing added Y17 to Y457 and Meidensha Y18 to Y565.

Mitsubishi Estate also drew buy orders with the second busiest volume of 7.35m shares traded. It rose Y20 to Y1,230 on investor interest in urban redevelopment projects.

Budget-related and housing issues rose on light buying, with Kumagai Gumi adding Y16 to Y787, and Wakachiku Construction Y20 to Y645. Sekisui House rose Y23 to Y865 on news that the increase in the investment and loan programme under the fiscal 1986 budget would be bigger than in the general account.

Kokusai Denshin Denwa (KDD), Japan's international telecommunications group, rose Y430 to Y30,740 on speculative buying. The rise also indicated the popularity of issues with a face value of Y500.

Gains outnumbered declines by 433 to 342, with 153 issues unchanged. However, apart from Tokyo Electric Power and Mitsubishi Estate, investors have yet to decide which are the leading issues in the year-end market.

The bond market remained dull as investors kept a low profile. Although the imminent US official discount-rate cut is already reflected in bond prices, investors are eager to know the size and date of the reduction and the issue terms for January government bonds.

The yield on the benchmark 6.8 per cent 68th government bond due in December 1994 opened lower at 5.525 per cent against Saturday's 5.510 per cent. It rose to 5.550 per cent at one stage, but closed at 5.530 per cent.

HONGKONG

SELLING of properties and some banks helped to take Hong Kong lower in thin trading and the Hang Seng index closed 15.87 down at 1,704.29.

Among properties Cheung Kong lost 30 cents to HK$20.70, Hutchison Whampoa was 20 cents down at HK$26.40 and Hongkong and Kowloon Wharf shed 5 cents to HK$7.35. Hongkong Land was steady at HK$6.60.

Banks fell on concern over Hang Seng's plans to take a major stake in Wing On Bank. Hang Seng closed HK$2.25 down at HK$44.50 and Bank East Asia was 40 cents lower at HK$24.10. Hongkong and Shanghai was steady at HK$7.55.

SINGAPORE

SOME selling and a lack of fresh buying orders combined to take Singapore lower, and the Straits Times Industrial index shed 4.11 to 596.18.

Among actives, Singapore Airlines slipped 20 cents to S$4.12 while Sime Darby added 1 cent to S$1.40.

Banks generally showed small falls, with DBS down 2 cents to S$4.68, OCBC 5 cents to S$7.05 and OUB 2 cents to S$2.38. However, OUB firmed 6 cents to S$3.08 in active trading.

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	118	—	7.3	6.2	7.2	6.7
151	121	Ass. Brit. Ind. CULS	121xd	—	10.0	8.3	—	—
77	43	Airsprung Group	69	+1	6.4	9.3	11.6	15.0
46	26	Armitage & Rhodes	39	—	4.3	11.0	4.8	5.8
167	108	Bardon Hill	166	—	4.0	2.4	21.0	21.8
64	42	Bray Technologies	55	+1	3.9	7.1	6.7	7.7
201	136	CCL Ordinary	136	—	12.0	8.8	3.3	3.2
152	97	CCL 11pc Conv. Pref.	97xd	—	15.7	16.2	—	—
130	10	Carborundum Ord.	116	—	4.9	4.2	6.7	9.0
94	83	Carborundum 7.5pc Pf.	91xd	—	10.7	11.8	—	—
73	46	Deborah Services	57	—	7.0	12.3	5.9	7.8
32	21	Frederick Parker Group	21	—	—	—	—	—
83	33	George Blair	74	+2	—	—	3.0	5.5
57	20	Ind. Precision Castings	57	—	3.0	6.3	15.0	12.6
218	172	Isis Group	175xd	—	15.0	8.6	13.5	20.1
124	101	Jackson Group	113	+1	5.5	4.9	7.6	7.6
292	213	James Burrough	292	—	15.0	5.1	9.2	9.2
95	83	James Burrough 9pc Pf.	96	—	12.9	13.6	—	—
95	71	John Howard & Co.	73	—	5.0	6.9	5.7	9.0
225	100	Linguaphone Ord.	180s	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	575	—	6.9	1.2	25.1	23.9
120	31	Robert Jenkins	70	—	—	—	8.0	20.0
60	28	Scruttons "A"	30	—	—	—	—	7.7
92	61	Torday & Carlisle	67	—	5.0	7.5	3.4	6.1
444	320	Trevian Holdings	325xd	—	4.3	1.3	18.5	18.2
42	17	Unilock Holdings	41	—	2.1	5.1	11.1	10.9
130	81	Walter Alexander	130	—	8.6	6.6	7.4	9.0
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

s=Suspended.